

3/24/78

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 3/24/78;
Container 68

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	M. Blumenthal to Pres. Carter, 25 pp. re:Oil imports <i>1 p. brought forward; 1 p. declassified per RAC</i>	3/24/78	A
Memo	H. Jordan to Pres. Carter, 7 pp. re:Mtg. w/Ruth Clusen	3/24/78	C

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential
Handwriting File 3/24/78 Box 78

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

7:00 Dr. Zbigniew Brzezinski - The Oval Office.

7:30 Breakfast with Vice President Walter F.
(90 min.) Mondale, Secretary Cyrus Vance, Dr. Zbigniew
Brzezinski, and Mr. Hamilton Jordan.
The Roosevelt Room.

10:30 Handshake/Photograph with the Winners of
(5 min.) the Annual Photo Contest of the White House
Photographers' Association. (Mr. Jody
Powell) - The Oval Office.

10:35 Mr. Jody Powell - The Oval Office.

11:00 Mr. Robert Lipshutz - The Oval Office.

12:30 Lunch with Mrs. Rosalynn Carter - The Oval Office.

2:00 Drop-By Swearing in of Mr. James McIntyre
(10 min.) as Director, Office of Management and Budget.
(Mr. Jack Watson) - The Rose Garden.

2:15 Depart South Grounds via Helicopter en route
Camp David.

THE WHITE HOUSE
WASHINGTON

7 Secret Brgy
cover memo
returned
to Brgy
attachment

ma 2

Mary Ann -
File in 9/24
Thomson,
Belt

THE WHITE HOUSE

WASHINGTON

March 23, 1978

MEETING WITH SENATORS THOMAS EAGLETON AND PAUL SARBANES AND
CONGRESSMAN JOHN BRADEMAS

Friday, March 24, 1978

The Oval Office

9:00 a.m. (20 minutes)

From: Frank Moore *f.m./pd*

I. PURPOSE

To discuss the Greece/Turkey situation.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

Background: Senator Thomas Eagleton is a member of the following Committees:

Committee on Appropriations

Subcommittee on Agriculture & Related Agencies, Chairman

Subcommittee on Defense

Subcommittee on Labor, Health, Education & Welfare

Subcommittee on State, Justice, Commerce & the Judiciary

Subcommittee on Transportation

Committee on Governmental Affairs

Permanent Subcommittee on Investigations

Subcommittee on Governmental Efficiency and the District of Columbia, Chairman

Subcommittee on Energy, Nuclear Proliferation & Federal Services

Committee on Human Resources

Subcommittee on the Handicapped

Subcommittee on Education, Arts & Humanities

Subcommittee on Aging, Chairman

(His wife's name is Barbara.)

Senator Paul Sarbanes is a member of the following committees:

Committee on Banking, Housing & Urban Affairs

Subcommittee on Housing and Urban Affairs

Subcommittee on Production & Stabilization

Subcommittee on Federal Credit Programs, Chairman

Sarbanes' Committees, continued:

Committee on Foreign Relations

Subcommittee on Foreign Economic Policy

Subcommittee on Western Hemisphere Policy

Subcommittee on Near Eastern & South Asian Affairs

(His wife's name is Christine.)

Congressman John Brademas is the Majority Whip and a member of the following Committees:

Committee on Education & Labor

Subcommittee on Labor-Management Relations

Subcommittee on Postsecondary Education

Subcommittee on Select Education, Chairman

Committee on House Administration

Subcommittee on Accounts

Subcommittee on Libraries & Memorials

(His wife's name is Mary Ellen.)

Rep. Brademas requested this meeting. He desperately wants to avoid a fight, but if we go ahead without some sort of agreement, the issue will be escalated to the highest extent possible.

Further background information will be provided in a separate memo from Zbigniew Brzezinski.

Participants: The President, Senators Eagleton and Sarbanes, Congressman Brademas, Bill Cable and Dan Tate

Press Plan: White House photographer only.

THE WHITE HOUSE
WASHINGTON

March 24, 1978

Stu Eizenstat

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

cc: The Vice President
Frank Moore
Jack Watson
Jim McIntyre
Charlie Schultze

RE: TARGETED EMPLOYMENT TAX
CREDIT

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
	/	MONDALE
		COSTANZA
/		EIZENSTAT
		JORDAN
		LIPSHUTZ
/		MOORE
		POWELL
/		WATSON
/		McINTYRE
/		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE

WASHINGTON

March 24, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: TARGETED EMPLOYMENT TAX CREDIT

We have developed a targeted tax credit as an alternative to the current Employment Tax Credit which expires at the end of this year and which Congress is expected to extend in the absence of an alternative.

Our alternative will not only be targeted on those most in need, but is estimated by the Treasury to be substantially less costly. The current ETC is estimated to cost \$2.5 billion; the alternative about \$1.5 billion.

This proposal is the result of extensive discussions at the staff level including OMB, DPS, CEA, Treasury and the Labor Department.

The proposal has the following characteristics:

- o to increase the employment in the private sector of those who suffer most of the structural unemployment in the economy; and
- o to provide economically disadvantaged youth with a slight competitive advantage in the search for a decent job early in their work life.

Description of Proposed Program

Eligibility

- o Disadvantaged (CETA eligible) young workers (18-24), and the handicapped.
- o All employers in private trade or business.

How Administered

- o Certification of individuals by the CETA system.
- o Employers maintain records.
- o IRS responsibilities limited to processing of tax returns that include claims for tax credits. Firm records subject to audit.

Terms of the Credit

- o For full time workers, with three month minimum tenure, with a particular firm.
- o \$2,000 for the first year, \$1,500 for the second.
- o Credit allowed for income tax liability, only after deduction for all other credits.
- o Unused credits could be carried back three years and forward up to seven years.
- o Deductions for wages reduced by the amount of credit claimed.

Size of the Program and Estimated Revenue Loss

- o Treasury estimates that approximately 1 million young people would participate in the program.
- o It would entail revenue loss of between \$1. and \$1.6 billion.

Department of Labor Position

While there is broad agreement on the above program among the participants in the discussions, the Department of Labor has two major differences.

1. DOL believes the Targeted Employment Tax Credit should be incremental to each firm, that is, a firm would only receive credit for hiring additional disadvantaged employees after the first year of the program.

This provision is designed to maximize the effectiveness of the program per budget dollar in securing additional jobs for the disadvantaged, and minimize windfall profits for firms who ordinarily hire disadvantaged workers.

Treasury feels that it would be complex to administer and monitor an incremental program, and doubt it would be very effective.

2. DOL believes that all disadvantaged should be eligible for the program. They argue that limiting the program by age is unwise policy for two reasons:
 - o Will encourage substitution of younger for older workers, when older workers with family responsibilities may be in greater need of work;
 - o Unemployment is as severe among certain groups of older disadvantaged workers as it is among the young.

CEA believes that:

- o The major structural problem is with youth not adults;
- o That we have other programs, such as P.S.E. and the coming Better Jobs and Income program to help adult disadvantaged; and
- o Including adults would be more than twice as expensive.

The Issue of Social Security and Unemployment Insurance Tax Refundability

Firms with little or no profit in any given year would not be able to take advantage of the proposed Targeted Employment Tax Credit. To encourage such firms to participate in the program, it would be helpful if the credit were refundable against social security and unemployment insurance taxes.

DPS supports this concept. It would require transfer from the general fund to cover the revenue loss. Treasury estimates the cost would be between \$300 and \$400 million a year.

Secretary Blumenthal is very strongly opposed to the "refundability" for social security and unemployment insurance taxes as a matter of general tax policy.

DECISIONS

- A. Targeted Employment Tax Credit as an alternative to the current untargeted Employment Tax Credit.

✓ Approve (DPS, CEA, OMB, Treasury, Labor recommend)

 Disapprove

- B. If you approve the basic plan for Targeted Employment Tax Credit then the following decisions on the structure of the program need to be made.

1. Make the credit incremental, by granting credits after the first year of the program only to firms who increase the overall number of disadvantaged workers in their employ.

 Approve (DOL position)

✓ Disapprove (DPS, CEA, Treasury position)

2. Broaden eligibility to all the disadvantaged.

 Approve (DOL position)

✓ Disapprove (DPS, CEA, Treasury position)

3. Make credit refundable against social security and unemployment insurance taxes.

 Approve (DPS and Labor recommend)

✓ Disapprove (Treasury, OMB recommend)

 Discuss (Final decision on this element could be delayed)

1621

THE WHITE HOUSE
WASHINGTON

March 24, 1978

Stu Eizenstat
Hugh Carter

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

RE: E.O. - BERT CARP

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
	/	EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
/	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL


	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE

WASHINGTON

March 22, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER 
SUBJECT: Staff Switches

Stu Eizenstat has requested that Bert Carp be moved from the Domestic Policy staff to the White House staff so that he will not fall under the Hatch Act restrictions.

In order to accomplish this, Stu has proposed the following moves: -

Bert Carp	\$48,500	from Domestic Policy to White House
Karen Veek	\$13,662	from Domestic Policy to White House
	<u>\$62,162</u>	

Steve Travis	\$37,377	from White House to Domestic Policy
Ellen Goldstein	\$25,888	from White House to Domestic Policy
	<u>\$63,265</u>	

This will increase the number of White House Executive Level people from 27 to 28, but will not affect the mid-range salary (\$37,500-\$47,500) group which you have ordered kept to 30 or less.

The Personnel Committee approves of these moves.

If you approve, please sign the attached salary order for Bert.

O R D E R

- - - -

I hereby fix the compensation of
Bertram W. Carp at the rate of \$48,500
per annum

Jimmy Carter

THE WHITE HOUSE,

THE WHITE HOUSE
WASHINGTON

3/23/78

Mr. President:

No additional staff comments.

Rick

~~SECRET~~

THE WHITE HOUSE

WASHINGTON

March 24, 1978

MEMORANDUM FOR
THE HONORABLE W. MICHAEL BLUMENTHAL
Secretary of Treasury

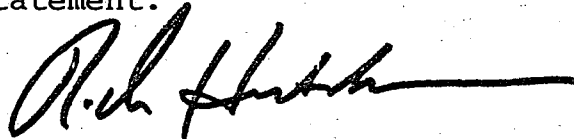
Re: Your "Oil Imports" Memo of March 21, 1978

Your memorandum asked for three decisions.

With regard to the first decision, the President agreed to a meeting "any time after my trip - the sooner the better." He added: "While I'm gone, you, Miller, Cy can brief 3 or 4 key Members of Congress."

With regard to the second decision, mentioning the possibility of administrative action, the President commented: "I'll decide before meeting."

The President approved the third decision, agreeing to a task force and export statement.



Rick Hutcheson
Staff Secretary

cc: Hamilton Jordan
Stu Eizenstat
Zbig Brzezinski
Frank Moore
Jim McIntyre
Charlie Schultze
Tim Kraft
Jody Powell

~~SECRET~~

DECLASSIFIED

Per: Rac Project

ESDN: NLC-126-11-38-1-7

BY KS NARA DATE 4/12/13

THE WHITE HOUSE
WASHINGTON

March 24, 1978

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

NATIONAL FOREST TIMBER -- BIDDING

THE WHITE HOUSE

WASHINGTON

For Your Information

March 21, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
LYNN DAFT *LD*

SUBJECT: Bidding for National Forest Timber

When you signed the National Forest Timber Sales bill last month, you instructed us to prepare a memorandum to Secretary Bergland indicating that you felt it was premature to revert to bidding methods in use prior to passage of the National Forest Management Act of 1976 and directing the Secretary to continue testing alternative procedures (see Tab A). Several members of Congress learned that such a directive was being prepared and reacted strongly against it, arguing that it was the intent of Congress that the Forest Service move further away from the use of sealed bidding. This included Senators Mark Hatfield and Church and Congressmen Weaver, Foley, and Duncan.

Although it still appears to us that the sealed bidding approach maximizes Federal receipts and minimizes the opportunity for collusion, the evidence is inconclusive. At best, the advantage of sealed bidding is marginal. Given this and given the extreme political sensitivity of the issue in the Northwest, we don't believe a directive from you at this time would serve a useful purpose. Secretary Bergland has already initiated the drafting of alternative regulations consistent with the new law (Tab B). These regulations will provide for the use of sealed bidding or a mix of bidding methods in noncompetitive situations or where it appears that collusive practices may exist. They will also provide for the continued testing of alternative bidding methods for the sale of National Forest timber. Thus, unless you disagree, we will refrain from preparing a directive to the Secretary on this topic.

Frank Moore concurs.

ok
J



THE WHITE HOUSE
WASHINGTON

February 18, 1978

Mr. President:

I have toned down the Signing Statement so that it is less negative. There is no point in negating the political advantages which will accrue from signing the Bill by a Signing Statement which appears to fly directly in the face of Congressional intent.

On further reflection, I think that we should seriously consider having you give a private message to the Forest Service, along the lines of the last paragraph of the proposed statement, rather than putting that last paragraph in a publicly released statement.

Before taking such action, however, I would like to check with the agencies, and they are unavailable for the weekend.

If you wish to sign the Bill, I would urge you to do so and I can deal with the Signing Statement Monday.

Stu

ok
J

THE WHITE HOUSE

WASHINGTON

February 17, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
LYNN DAFT *LD*

SUBJECT: Enrolled Bill S. 1360 - National
Forest Timber Sales

THE BILL

S. 1360 amends the National Forest Management Act of 1976 to provide new guidelines for the use of bidding procedures to prevent collusive bidding practices in the sale of national forest timber. In effect, the amendment signals Congressional interest in minimizing the use of sealed bidding, though it also protects the Secretary of Agriculture's discretion to use whatever bidding methods he deems appropriate to ensure open and fair competition.

VOTES IN CONGRESS

The bill passed the Senate by voice vote and the House by a vote of 295-78.

ANALYSIS

The Department of Agriculture had previously opposed legislation amending the 1976 Act on grounds that regulations under it had been in effect less than a year and more information on the relative effectiveness of alternative bidding arrangements should be collected prior to the adoption of any amendments. DOA and the Forest Service told us that they could continue their present bidding practices under the amended version as it passed the Senate, since it continues to give the Secretary of Agriculture discretion to use sealed bids. DOA, together with OMB, felt we should not oppose the Senate version in the House vote, particularly in light of the lopsided Senate vote and clear prospect for passage in the House. We thereupon notified Congressman Ullman, who had called on the day of the vote, that the Administration would not oppose the Senate bill, which Congressman Foley substituted for the House bill. We took this step only after the Department of Agriculture and OMB approved on the

day of the House vote, and with notification to Frank Moore's staff. The 1976 law directed the Secretary to employ sealed bidding procedures in all natural forest timber sales "except when the Secretary determines otherwise by regulation." Under this law, oral auctions were allowed for up to 75% of the sales volume in natural forest-dependent communities. Up to 100% of sales volume may be sold by oral bid when a pattern of sales to purchasers from outside the local community is found to exist, under the 1976 law, prior to S. 1360.

An imminent vote in the House made it impossible to run the issue by you. A letter of thanks from Congressman Ullman is attached (Tab A). Several other members, including Senators Bumpers and Anderson and Congressmen Simon and Krebs, are urging a veto (Tab B).

The Forest Service assured us that they could and would continue existing sealed bid practice under the amended law. Under the new law when sales are to be conducted by oral bidding, bidders are required to first establish eligibility through sealed qualifying bids. No oral bids are permitted unless qualifying bids are at least equal to the appraised value of the timber. The Secretary is required to monitor bidding patterns and report any collusive practices to the Attorney General.

AGENCY AND STAFF RECOMMENDATIONS

The Department of Agriculture and the Office of Management and Budget reluctantly recommend approval of S. 1360. Justice cites serious concerns with the bill but, on balance, does not recommend a veto, given the administrative flexibility given to the Secretary to employ sealed bidding in appropriate circumstances. Interior and Commerce express no objection to approval. Bob Lipshutz concurs with the recommended approval. Jack Watson had no comment. We recommend approval.

Together with USDA and OMB, we recommend that the attached statement (Tab C) be issued if you approve the bill, to make it clear that the Administration will not back away from requiring strict enforcement of open and fair competition in the bidding of timber from National Forests. It directs Secretary Bergland to continue testing alternative bidding as to their relative effectiveness. We also recommend that key opponents of the bill, including Senators Bumpers and Anderson, and Congressmen Simon and Krebs, be advised in advance of the signing and be told our reasons for approval.

do so

PROPOSED SIGNING STATEMENT
S. 1360 - National Forest Timber Sales

I have today approved the enrolled bill S. 1360 because it provides the Secretary of Agriculture broad flexibility in determining bidding methods to be used in the sale of National Forest timber. The bill directs the Secretary to take such measures as he deems appropriate to:

- insure open and fair competition,
- insure that the Federal Government receives not less than the appraised value of such timber,
- consider the economic stability of communities or such other objectives as he deems necessary, and
- be consistent with the objectives of other Federal statutes

I endorse this direction.

The Administration had opposed legislation to amend the 1976 law in order to permit enough time to evaluate the effects of the revised regulation governing the sale of National Forest timber that went into effect on June 2, 1977.

I have approved the bill since it is clear that the Secretary retains full discretion to adopt bidding regulations for National Forest timber which he determines to be in the public interest. It is also clear that he may test alternative bidding methods or prescribe changes in bidding methods from time to time to meet overall public objectives.

I believe it is premature for the Secretary of Agriculture to immediately revert to bidding methods in use prior to the passage of the 1976 Act. An adequate assessment of the impacts of alternative bidding methods is not yet available. Therefore, I am directing the Secretary to continue to test alternate bidding procedures, under the discretion given to him, for the purpose of developing additional information on their relative effectiveness in insuring open and fair competition.

Delete & put this in form of a directive to England for me to sign

XC: Lynn Daft

THE WHITE HOUSE
WASHINGTON

February 20, 1978

Stu Eizenstat
Frank Moore

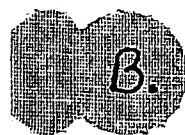
The attached was returned in the
President's outbox today and is
forwarded to you for your information.

The signed original has been given
to Bob Linder.

Rick Hutcheson

cc: Bob Linder

RE: 1360 - NATIONAL FOREST TIMBER
SALES





DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250
MAR 13 1978

*Administratively
Confidential*

Mr. John R. McGuire
Chief, Forest Service

On February 20, 1978, the President signed S. 1360, a Bill which amends section 14(e) of the National Forest Management Act. The major effect of this amendment is to remove the mandate for sealed bidding set forth in the 1976 Act. As you know, the Administration opposed this legislation. The President approved the Bill only because it is clear that it provides me with full discretion to adopt bidding regulations which are in the public interest.

It is clear that the sponsors of this legislation believed that the changes in bidding methods in the West, which were instituted as a result of the 1976 Act, are resulting in unnecessary economic disruptions. In view of their concern, I want to promptly circulate draft regulations for public comment which reflect the Congressional intent as expressed in this legislation.

Please draft some alternative regulations for my consideration. The regulations should protect the overall public interest while permitting a return to oral auction bidding in western forests where normal competition makes collusion unlikely or where it appears necessary to protect dependent communities.

The regulations should reflect the principles set forth in paragraph (1) of the Act. As directed by the President, the regulations are to be based on an analysis of currently available data. They should clearly provide the Forest Service with authority and direction to use sealed bidding or a mix of bidding methods in noncompetitive situations or where it appears that collusive practices may exist. The regulations should also provide authority for the testing of alternative bidding methods for the sale of National Forest timber.

In order to be responsive, the proposed rulemaking document should provide for a 30-day comment period so that final regulations can be adopted by early May.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Bob Bergland".

Bob Bergland
Secretary

ID 781549

THE WHITE HOUSE

WASHINGTON

DATE: 21 MAR 78

FOR ACTION:

INFO ONLY: FRANK MOORE

X concurred

nc
JACK WATSON

SUBJECT: STU EIZENSTAT, LYNN DAFT RE: BIDDING FOR NATIONAL FOREST
TIMBER

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: +

+++++

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
/	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
	/	MOORE
		POWELL
	/	WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

March 24, 1978

Jim McIntyre

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

RE: REPORT OF THE RAILROAD
RETIREMENT BOARD ON VIOLATIONS
OF SECTION 3679 OF THE REVISED
STATUTES

THE WHITE HOUSE
WASHINGTON

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	<input type="checkbox"/>	MOORE
<input type="checkbox"/>	<input type="checkbox"/>	POWELL
<input type="checkbox"/>	<input type="checkbox"/>	WATSON
<input checked="" type="checkbox"/>	<input type="checkbox"/>	McINTYRE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	GAMMILL

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

THE WHITE HOUSE
WASHINGTON

3/23/78

Mr. President:

No staff comments received.

Rick



THE PRESIDENT HAS SEEN

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAR 21 1978

MEMORANDUM FOR THE PRESIDENT

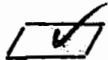
FROM: James T. McIntyre *Jim McIntyre*
SUBJECT: Report of the Railroad Retirement Board on
Violations of Section 3679 of the Revised
Statutes

There is attached a letter dated January 5, 1978, from the Railroad Retirement Board, reporting to you, as required by law, violations of subsection (h) of Section 3679 of the Revised Statutes, as amended (31 U.S.C 665), commonly known as the Anti-Deficiency Act.

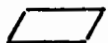
These violations involve the obligation by the Railroad Retirement Board of funds during fiscal year 1977 and fiscal year 1978 without apportionments of the appropriation to the Regional Rail Transportation Protective Account. According to the Railroad Retirement Board, their failure to seek apportionments was an oversight constituting a "technical" violation of the law. Action has reportedly been taken to prevent their recurrence.

We believe that the Board's failure to adhere to the requirements of the OMB circulars and the statutory provisions pertaining to budgetary resources and materials merits further attention. Specifically, a determination of the official responsible for the violations and the appropriate disciplinary action should be made.

The agency's regulations for the administrative control of funds are under review by OMB. If you agree to our recommendation, we will advise the Board of their further responsibilities under the Anti-Deficiency Act and OMB circulars.



Agree



Disagree

JC

Attachment

UNITED STATES OF AMERICA
RAILROAD RETIREMENT BOARD
844 RUSH STREET
CHICAGO, ILLINOIS 60611

RECEIVED
78 JAN 9
A10:29

C.J. CHAMBERLAIN
EARL OLIVER

January 5, 1978

Honorable James T. McIntyre
Director
Office of Management and Budget
Executive Office of the President
Washington, DC 20503

Dear Mr. McIntyre:

The enclosed letter to the President is submitted to you
for forwarding pursuant to OMB Circular No. A-34, Sec-
tion 71.2.

Sincerely yours,



FOR THE BOARD
R. F. Butler, Secretary

Enclosure

UNITED STATES OF AMERICA
RAILROAD RETIREMENT BOARD
844 RUSH STREET
CHICAGO, ILLINOIS 60611

C.J. CHAMBERLAIN
EARL OLIVER

January 5, 1978

The President
The White House
Washington, DC 20500

Dear Mr. President:

The Railroad Retirement Board respectfully advises that no apportionment request was made for the 1977 fiscal year supplemental appropriation for the Regional Rail Transportation Protective Account nor was apportionment requested for the unobligated balance (carryover) remaining at the end of fiscal year 1977. The Board understands that, since this situation constitutes a technical violation of Section 3679 of the Revised Statutes, as amended, the following report is required by Subsection (i). An identical report is being submitted to the Congress.

The Regional Rail Reorganization Act of 1973 provides for various benefits to protected employees adversely affected in the establishment of the Midwest and Northeast rail system provided by that Act. The payment of all allowances, expenses, and costs provided protected employees is being made by the Consolidated Rail Corporation, the United States Railway Association and acquiring railroads. These organizations, upon certification to the Railroad Retirement Board of the amounts paid to protected employees, are reimbursed for such amounts by the Board.

In September 1975, the Board submitted a budget request of \$68,500,000 to be appropriated to the Regional Rail Transportation Protective Account in order to reimburse the Consolidated Rail Corporation for estimated protective payments in fiscal year 1977. The request was reduced to \$40,000,000 by the previous administration. It was duly apportioned on October 29, 1976. Early in fiscal year 1977, it became apparent the appropriation would be insufficient to cover protective payments to the end of the fiscal year. Accordingly, a supplemental appropriation of \$25,000,000 was requested in February 1977, approved in P. L. 95-26, dated May 4, 1977, and the Treasury Department issued warrants to credit the Regional Rail Transportation Protective Account immediately.

The Board failed to seek apportionment because of an oversight. Action has been taken to prevent a recurrence of this kind of situation.

The Board's financial and accounting system has basically been a manual system requiring manual entries, manually prepared financial reports and virtually total reliance on human resources to ascertain that all obligations have been satisfied. The Board is instituting a new accounting system, with GAO assistance, which employs modern day computer techniques. The system should be operational in January 1978. As part of this system, an automatic computer signal will be triggered (a) whenever appropriations are posted to any of the Board accounts requiring apportionment or (b) on August 1 of each year for accounts which have no year limitation, i.e., "to remain available until expended."

The Board believes the automatic computer signal and experience gained by key financial personnel will insure future compliance with apportionment procedures.

Respectfully yours,



FOR THE BOARD

R. F. Butler, Secretary

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
/	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
/	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
/		EIZENSTAT
		JORDAN
/		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

March 24, 1978

*Let a friend
announce it
J*

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
LYNN DAFT *LD*
SUBJECT: Recommendation for Major Disaster
Declaration Due to Flooding -
Nebraska

In the attached letter, Secretary Harris recommends that you declare major disaster assistance for the State of Nebraska due to the impact of ice jams and flooding.

We concur with Secretary Harris' assessment and recommend that you grant the declaration.



THE PRESIDENT HAS SEEN.

2:00 PM

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

SWEARING-IN CEREMONY
JAMES T. MCINTYRE, JR.
FRIDAY, MARCH 24, 1978
THE ROSE GARDEN (CABINET ROOM IN
EVENT OF RAIN)
2:00 P.M. (ABOUT 15 MINUTES)

FROM BOWMAN CUTTER

I. PURPOSE

To swear in Jim McIntyre as Director of Office of Management and Budget.

II. BACKGROUND, PARTICIPANTS and PRESS PLAN

Jim will be sworn in by the Vice President.

The Vice President is prepared to make some remarks.

Jim will respond, in brief.

Present will be members of Jim's family: His wife Maureen, his three daughters (Kathleen, Cynthia and Karen), Jim's parents and mother and father-in-law.

Also present will be a group of OMB staff.

Open press coverage.

Jim has served as acting director since September 24, 1977. He was confirmed unanimously by the Senate on Tuesday.

III. YOUR REMARKS

As you deem appropriate.

THE PRESIDENT HAS SEEN.

10:30 AM

THE WHITE HOUSE

WASHINGTON

March 23, 1978

Mr. President:

You are scheduled for a 5-minute handshake and photo with the winners of the White House Photographers Association photo contest on Friday, March 24, at 10:30 am.

The photo winners will bring their photos along with them. The winners and their categories are:

Susan McElhinney
Newsweek

Presidential Class

(Her picture of you was taken when you
were having a silent prayer at the
Warsaw Ghetto.)

Wally Bennett
Time

Personalities Class - color

Margaret Thomas
Washington Post

Personalities Class - Black and white

Dick Darcey
Washington Post

Sports Class

Dirk Halstead
Time Magazine

Feature Class - color

Jeff Taylor
Associated Press

News Class

Frank Johnston
Washington Post

Pictorial - Black and white
and

Picture Story - Black and white

Paul Fine
Holly Fine - WJLA

Husband and wife team - he won
for camera work; she for film editing

Clyde Roller
WJLA

Sound award

Kenneth Resnick
WTTG

Spot news class

Bob Cirace, WHNPA President, will be the first one to be introduced to you. In turn, he will introduce the other photographers.

Also present will be the Chairman of the photo contest, AP photographer Peter Bregg.

The White House News Photographers Association was formed more than 50 years ago, and now has a membership of more than 300.

The photographers all work in Washington.

Its members enter their works in a contest each year. The contest is divided into two divisions -- still photos and television.

A picture of you with the winners will be taken for inclusion in the program for their banquet, to be held May 18.

You met with last year's winners a year ago.

Tody

1654

THE WHITE HOUSE
WASHINGTON

March 24, 1978

Jody Powell

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: LETTER FROM SAM WAY RE
BOB RUTLAND - YOUTH FOR CHRIST
PROGRAM

THE WHITE HOUSE
WASHINGTON

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	<input type="checkbox"/>	MOORE
<input checked="" type="checkbox"/>	<input type="checkbox"/>	POWELL
<input type="checkbox"/>	<input type="checkbox"/>	WATSON
<input type="checkbox"/>	<input type="checkbox"/>	McINTYRE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	GAMMILL

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

ok
J

MR. PRESIDENT-

I WOULD SUGGEST
NOT GETTING INVOLVED
IN DOING THESE THINGS.
UNLESS YOU FEEL STRONGLY,
I'LL JUST TELL SAM I
DON'T THINK IT IS A
GOOD IDEA.

Jody



SAM A. WAY, III
VICE PRESIDENT



Planters BANK

CHARTERED IN 1896

HAWKINSVILLE, GEORGIA

February 28, 1978

Mr. Jody Powell
White House Press Secretary
White House
Washington, D. C.

Dear Jody,

I am enclosing correspondence from Bob Rutland of Atlanta.

Bob has asked if the President would agree to take a short interview for the YOUTH FOR CHRIST program scheduled for late spring of 1978. As Governor, President Carter was an active supporter of this program and I feel certain that if time permits he would wish to participate at this time.

I am sorry I missed the opportunity to speak with you this past Sunday in Albany at the Jordan funeral. I was part of the group on the other side of the ropes and could not make my way to speak with you all. Such is the price of notoriety.

Sincerely,

Sam A. Way, III

SAW/sns

Enclosures

THE
The Motor Convoy
INCORPORATED



275 CONVOY DRIVE, S. W.
ATLANTA, GEORGIA 30354

February 7, 1978

Mr. S. A. Way, III,
Vice-President
The Planters Bank
Hawkinsville, Georgia 31036

Dear Sam:

I have for some years been working with Youth for Christ in the Atlanta area. Last summer, 1977, I agreed to serve on the board of directors that works directly with the ministries.

The ministry of Youth for Christ is to introduce Christ to the high school age student. This is carried out on the campus and in the homes of the students and not in a church building. Another arm of the ministry called "Youth Guidance" works with the courts and schools to help problem teenagers find direction for their lives.

The organization is not affiliated with any one denomination and thus has to appeal to the community at large for its support. This appeal is accomplished with events such as a golf tournament, banquets, one to one contact, and now an anticipated telethon. The President was good enough to help us with a banquet back in 1972, letter attached, which was the beginning of a viable Youth for Christ program in the Atlanta area.

Youth for Christ International is planning a telethon in the late spring of 1978. The program will be pre-taped and played on major T.V. stations throughout the United States during the last half of the year.

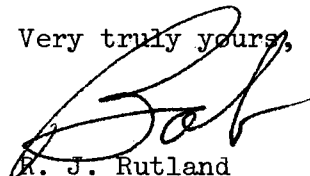
The program will have Johnny Cash as the master of ceremonies with the same production organization that Billy Graham uses. The intent is to be professional and straight forward about the need to help teenagers in our nation.

Mr. S. A. Way, III
Page Two
February 7, 1978

We would like for President Carter to tape a short interview from the White House. He would be asked only to support the principle of helping young people and not endorse Youth for Christ. Johnny Cash would be glad to discuss, personally if needed, the content with the President if there are any questions.

Thank you for your help and call if you have any questions.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'R. J. Rutland', written over the typed name.

R. J. Rutland
Executive Vice President

RJR/bj

Attachment



JIMMY CARTER
GOVERNOR

Office of the Governor
Atlanta 30334

March 31, 1972

Mr. Robert J. Rutland
Chairman, Development Committee
275 Convoy Drive, S.W.
Post Office Box 82432
Atlanta, Georgia 30054

Dear Bob:

I appreciate your promptness in writing to me about the Youth for Christ luncheon and am delighted that I will be able to join you on May 23rd at the Commerce Club.

These young people are certainly deserving of the support of the Georgia people, and I appreciate your giving me an opportunity to express my personal endorsement of their efforts.

Looking forward to seeing you on May 23rd.

Sincerely,


Jimmy Carter

JC/br

THE WHITE HOUSE

WASHINGTON

March 24, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *why*

SUBJECT: Weekly Mail Report (Per Your Request)

Below are statistics on Presidential and First Family:

<u>INCOMING</u>	<u>WEEK ENDING 3/17</u>	<u>WEEK ENDING 3/24</u>
Presidential	36,657	48,270
First Lady	1,515	1,435
Amy	660	515
<u>Other First Family</u>	<u>60</u>	<u>70</u>
TOTAL	38,892	50,290

BACKLOG

Presidential	10,510	10,960
First Lady	130	180
Amy	0	0
<u>Other</u>	<u>0</u>	<u>0</u>
TOTAL	10,640	11,140

DISTRIBUTION OF PRESIDENTIAL MAIL ANALYZED

Agency Referrals	13%	14%
WH Correspondence	53%	50%
Direct File	21%	22%
White House Staff	3%	3%
<u>Other</u>	<u>10%</u>	<u>11%</u>
TOTAL	100%	100%

NOT INCLUDED ABOVE

Form Letters and Post Cards	77,953	60,625
Mail Addressed to White House Staff	17,680	17,894

cc: Senior Staff

MAJOR ISSUES IN
CURRENT PRESIDENTIAL ADULT MAIL
Week Ending 3/24/78

ISSUES	PRO	CON	COMMENT ONLY	NUMBER OF LETTERS
Support for Proposed Middle East Aircraft Sale	3%	97%	0	3,373
Suggestions re: Middle East Peace	0	0	100%	1,821
Support for President's Proposal to Increase Aid for Financing Higher Education	14%	86%	0	1,708
Support for Panama Canal Treaties	7%	93%	0	856
Support for Intervention in Coal Strike	52%	30%	18%	338
Suggestions re: Tax Reform Package	0	0	100%	237
Support for Grain Reserve Program	99%	1%	0	198
Increased Federal Funding for Farmers	96%	2%	2%	<u>177</u>
			TOTAL	8,708

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

March 24, 1978

91

MEMORANDUM FOR:

THE PRESIDENT

FROM:

RICHARD PETTIGREW

Rick

SUBJECT:

Reorganization Progress Report

Attached is our monthly progress report.

Attachment

Reorganization Progress Report

March 22, 1978

Civil Service Reform

President Carter has proposed a comprehensive program to reorganize the Federal Civil Service system. The program is designed to improve government performance by (1) establishing genuine merit incentives for federal employees, (2) increasing legitimate management flexibility in federal personnel matters, and (3) strengthening protections against political abuse of the civil service.

The reform program includes legislation sent to the Congress March 2 and a reorganization plan to be submitted within the next month. The legislation creates a new merit-based Senior Executive Service for top government managers, authorizes a merit pay system for other managers and supervisors, and reduces delays in recruiting, promoting and disciplining employees. The legislation also includes: modifications in veterans preference provisions, decentralization of personnel decisionmaking, expansion of manager's range of choice in hiring employees, and consolidation of regulations affecting the hiring of state and local employees under grant programs.

The reorganization plan replaces the Civil Service Commission with a new Merit Systems Protection Board, responsible for protecting federal employees from political abuse, and a new Office of Personnel Management, responsible for administering the Federal Government's personnel management system. The plan goes into effect automatically unless either house of Congress votes to disapprove it within 60 legislative days.

Inside—

LIST OF PROJECTS.....	2
<u>PRESIDENTIAL PROPOSALS..</u>	3
- Civil Service Reform..	3
- Equal Employment Opportunity.....	6
<u>PROJECTS UNDERWAY.....</u>	7
EXECUTIVE LOAN PROGRAM..	14



President's Reorganization Project

LIST OF PROJECTS

PRESIDENTIAL PROPOSALS:

	<u>Page</u>
Civil Service Reform	3
Equal Employment Opportunity	6

PROJECTS UNDERWAY:

Administrative Support Services	7
Automated Data Processing	7
Border Management	7
Cash Management, Federal	7
Civil Rights	8
Community and Local Economic Development	8
Department of Defense	9
Economic Analysis and Policy Machinery	9
Education	10
Emergency Preparedness	10
Field Structure, Federal	10
Food and Nutrition Policy	11
Human Services	11
Justice System Improvement	11
Law Enforcement	12
Legal Representation	12
Natural Resources and Environment	12
OSHA-Workplace Safety and Health	13
Planning Requirements Review, Federal	13
Regulatory Reform (General)	13
Small Agency Reduction	14
Surface Transportation Regulatory Reform	14

ORGANIZATIONAL IMPROVEMENTS:

During 1977 the Congress approved three Presidential reorganization initiatives: streamlining of the Executive Office of the President; creation of the new Department of Energy; and consolidation of the United States Information Agency and State Department cultural affairs functions. Numerous intradepartmental reorganizations were also instituted.

Presidential Proposals

CIVIL SERVICE--Key elements of the President's civil service reform proposal announced March 2 include:

Senior Executive Service - The proposed legislation would create a Senior Executive Service of approximately 9200 senior executives whose duties are managerial and who are now compensated from the GS-16 level through Executive Level IV or its equivalent. Entrance into the Service would be voluntary for persons presently at those levels. Those who enter the Senior Executive Service could be assigned anywhere they are needed; career executives would be eligible for annual bonuses for superior performance; and executives could be removed from the Executive Service for poor performance.

The Service would include both career and non-career employees, with a statutory limit of no more than 10% non-career executives, which approximates their current proportion in the executive ranks.

Creation of the Senior Executive Service is intended to provide the Federal Government with a highly qualified corps of top managers with greater opportunities and incentives to improve management. Under the President's proposals:

- Base salaries for Senior Executives would be at rates determined by agency heads within a range set by legislation (\$42,500 to \$50,000 per year).
- Managers would no longer receive automatic pay increases based on longevity. Agency heads would be authorized each year to distribute bonuses to not more than 50% of the senior executives in recognition of superior performance.
- Unsatisfactory performance would result in removal from the Senior Executive Service.

Incentive Pay for Other Managers and Supervisors - The legislation would authorize the use of incentive pay for the 72,000 federal managers and supervisors in grades GS-13 through GS-15. Managers who perform in an unusually productive fashion would be eligible for annual bonuses. They would no longer receive automatic "step" increases in pay, and would receive only a portion of their annual comparability pay increases. In return, they would be eligible to receive pay increases of up to 12% of their salary based upon actual performance. This change would not add to overall payroll costs.

Fairer, Speedier Appeals System - The legislation would provide managers in the Federal Government the authority to manage. It would reduce the red tape and costly delays in the present personnel system. It would establish by statute, rather than executive order,

the right of employees to appeal personnel actions. It would set fair and sensible standards to apply in hearing any such appeals, while eliminating redundancies.

Changes in Veterans Preference Provisions - The modification of veterans preference proposed in this legislation would improve employment opportunities for disabled veterans and Vietnam-era veterans. It would reduce, however, the lifetime preference now available to non-disabled veterans.

Disabled veterans, including disabled military retirees, would continue to receive all present entitlements without time limit. In addition, those with service connected disabilities of 50% or more, and those enrolled in job-related training programs, could be non-competitively appointed. Special employment programs created for Vietnam-era veterans under a 1970 executive order would be expanded and extended through fiscal year 1980.

The legislation contains a two-year extension of the Veterans Readjustment Appointment Authority to permit Vietnam-era and disabled veterans easier entry into the federal workforce. It also amends this authority to expand federal job openings for covered veterans through GS-7, and to waive the educational limitation for disabled veterans.

The proposed modifications in veterans preference include:

- limiting the 5-point preference awarded to veteran applicants to the ten-year period following discharge (This provision would become effective two years after enactment);
- eliminating veterans preference for retired military of field grade rank (major/lieutenant commander and above), and limiting veterans preference for other retired military personnel to three years following retirement);
- restricting the absolute preference now accorded non-disabled veterans in Reduction-in-Force (RIF) situations (After their first three years of federal employment, such veterans would be granted only an additional five years of seniority for purposes of determining their rights).

Decentralized Personnel Decisionmaking - Job examination in the federal career service is now done almost exclusively by the Civil Service Commission. Because of this rigid procedure, it may take as much as six to eight months to have a desired applicant fill an agency position. The legislation provides for delegation of selected personnel authorities to departments and agencies.

The new Office of Personnel Management would have the authority to direct corrective action whenever this delegated authority is misused.

Expanded Choice in Hiring - The existing requirement limiting the hiring agency to a choice among the top three candidates on a civil service list would be amended to generally allow a choice among the top seven.

Regulations Affecting Hiring of State and Local Employees - The legislation would consolidate into a single set of regulations the multitude of instructions affecting the hiring of state and local employees under grant programs.

Reorganization of the Civil Service Commission - The Civil Service Commission now serves simultaneously as the protector of employee rights and the promoter of efficient personnel management policy. The reorganization plan divides those two roles between two separate agencies--the Merit Systems Protection Board and the Office of Personnel Management.

- The Merit Systems Protection Board would be an independent agency under bipartisan leadership and would have the policy and adjudicatory responsibilities and authority to deal with employee complaints and appeals, and to prevent reprisals against "whistle blowers." Board members would serve in overlapping, non-renewable, seven-year terms and could not be removed except for cause such as misconduct or neglect of duty.

The proposed legislation would create a Special Counsel for the Board, appointed by the President and confirmed by the Senate, to investigate and prosecute political abuses and merit system violations. This will help safeguard the rights of "whistle blowers."

- The Office of Personnel Management would be the primary agent advising the President and helping him carry out his responsibilities to manage the federal workforce. The Office would develop personnel policies, provide personnel leadership to agencies, and administer central personnel programs. It would be headed by a director and a deputy director, both appointed by the President and confirmed by the Senate.

The reorganization plan would also create:

- The Federal Labor Relations Authority, which would consolidate the third-party functions in the federal labor-management relations. It would be an independent agency operating under bipartisan leadership with final decisional authority on matters within its jurisdictions.
- A General Counsel with responsibility to investigate and prosecute alleged unfair labor practices before the FLRA.
- A Federal Service Impasses Panel as a separate entity within the FLRA.

(The Civil Service reform project is a cooperative effort of the U.S. Civil Service Commission and the President's Reorganization Project.)

Contact--Howard Messner (395-4960)

EQUAL EMPLOYMENT OPPORTUNITY--On February 23, President Carter sent Congress a plan to reorganize the Federal Government's equal employment opportunity enforcement activities. The reorganization plan makes the Equal Employment Opportunity Commission the principal agency in fair employment enforcement. Together with other Presidential actions announced that day, the plan consolidates equal employment opportunity programs and lays the foundation of a single, coherent federal structure to combat job discrimination in all its forms.

The equal employment reorganization plan, the first to be transmitted in 1978, transfers to the Equal Employment Opportunity Commission several nondiscrimination responsibilities currently held by the other governmental units. Included are the following authorities:

- to coordinate all federal equal employment programs, an authority currently held by the Equal Employment Opportunity Coordinating Council (to be implemented by July 1, 1978);
- to ensure equal employment opportunity for federal employees, now held by the U.S. Civil Service Commission (October 1, 1978); and
- to enforce the Equal Pay Act and the Age Discrimination in Employment Act, now held by the Labor Department (July 1, 1979).

The President also announced February 23 that he will issue an Executive order consolidating responsibility for ensuring non-discrimination compliance by federal contractors in the Labor Department's Office of Federal Contract Compliance Programs. The Labor Department currently shares this authority with eleven other governmental departments and agencies. Consolidation of "contract compliance" responsibility will take effect October 1, 1978.

The President said he would review by 1981 all aspects of equal employment opportunity enforcement. His review, to encompass the Labor Department's performance as well as the EEOC's, will determine whether further changes are desirable.

--Howard Glickstein (395-3937)

Projects Underway

ADMINISTRATIVE SUPPORT SERVICES--To improve management of administrative services within the Federal Government. The study is focusing on the following areas: organization and management; supply and support services; real property; telecommunications; archives and records.

Fact-finding and congressional consultations are continuing.

--Joe Malaga (235-2403)

AUTOMATED DATA PROCESSING--To improve the use of automated data processing in the delivery of government services.

The Federal Government currently spends more than \$4 billion and employs more than 150,000 people, including contractor personnel, to operate 11,000 computers. Government acquisition, management and use of these data processing resources has been criticized on a number of counts: that their use by some agencies has failed to reduce paperwork; that certain uses of computer technology represent a threat to individual privacy; that computer-assisted processing of applications has been associated with delays and inaccuracies.

The project will concentrate on the following: increasing the responsiveness of government agencies to citizen problems arising from the use of computers; ensuring that private information collected and used in computers is protected in accordance with government laws; improving the acquisition, management and use of data processing resources; and eliminating agency duplication and overlap.

Interested individuals and organizations from the private sector are participating in both identifying and analyzing alternative solutions. The staff is now conducting interviews with Congress, agencies, industry, State organizations, trade associations and professional societies.

--Walter Haase (235-2473)

BORDER MANAGEMENT--To provide more coordinated management of the U.S. borders. The study focuses on the apparent overlap and duplication of effort in border patrol and inspection. Proposals will be directed toward improving border enforcement and thereby helping to restrict the smuggling of illegal drugs and the entry of aliens, while facilitating legitimate international commerce.

A draft final report concerning border management activities is under review.

--Tread Davis (395-6113)

CASH MANAGEMENT, FEDERAL--To identify opportunities for applying modern cash management techniques throughout the Executive Branch; to use cash more efficiently and thereby reduce federal debt and interest costs.

The project staff is reviewing, in conjunction with the Treasury Department, how effectively the government manages its \$400 billion-plus cash flow. It will focus on opportunities for accelerating collections, controlling cash balances, disbursing money on time (but not before), compensating financial institutions fairly, and establishing incentives for better cash management. The project will identify professional cash management practices that could improve federal use of money.

A study design was approved in February. The Reorganization Project has begun agency cash management reviews in conjunction with the General Services Administration and the Transportation Department.

--Dick Cavanagh (395-5870)

CIVIL RIGHTS--The Equal Employment reorganization plan was submitted to the Congress February 23. Phase II of the civil rights reorganization study deals with housing and federally-assisted programs.

Interest group consultations have begun and agency comments have now been reviewed.

--Howard Glickstein (395-3937)

COMMUNITY AND LOCAL ECONOMIC DEVELOPMENT--To improve the organization of federal local development programs.

During fiscal year 1977, the Federal Government devoted approximately \$32 billion in direct outlays and \$50 billion in loans or guarantees to programs that affect the capacity of rural and urban communities to overcome problems of blight, economic stagnation, and chronic unemployment.

This set of activities includes a bewildering multitude of separate programs: over 100 different business-assistance programs in more than ten agencies; 46 sewage-related programs, implemented through seven agencies in five departments, two independent agencies and eight regional commissions; at least 77 different housing programs administered by 15 different agencies; and 60 transportation grant-assistance programs channelled through DOT and an additional network of 25 non-DOT agencies.

A preliminary analysis suggests that this multiplicity of programs produces great duplication of effort and excessive program specialization, leading to waste, unmet needs, and complex government. Programs that should be closely related work in isolation or at cross-purposes, making it difficult for localities to package such programs in a manner that contributes to community and economic development. By examining how these various programs relate at the local level, the study will identify ways to make the federal role in community development more rational, thereby helping localities make better use of federal programs.

The team is now preparing an options paper for public circulation. Consultations have begun with interest groups, agencies and the Congress on the range of options now under consideration.

--Lester Salamon (395-5017)

DEPARTMENT OF DEFENSE--To participate in DOD reviews of Defense management, the National Military Command Structure, and Defense resource management.

The studies will seek to determine the following: the appropriate functions to be performed by the Office of the Secretary of Defense, Service Secretaries, and Service Staffs; the responsibilities for the management and control of combatant forces; and a more efficient organization of support activities.

The second meeting of the Defense Organization Committee was held on March 7, 1978. Final reports on the Defense Headquarters Management and the National Military Command Structure studies will be completed by the end of summer. The Resources Management Study Report will be completed early in 1979.

--Bill Jones (395-3727)

ECONOMIC ANALYSIS AND POLICY MACHINERY--To review the economic analysis and policy machinery of the Federal Government; to develop ways for improving the manner in which Federal Government economic policy decisions are made and implemented.

The federal economic policymaking process involves at least 33 different federal agencies and employs approximately 5,000 economists. A review of this process indicates problems in several important areas: unclear policy roles for various agencies, both in domestic and international areas; wide variance in capability and reputation of various economic analysis units; and uncertainty as to which agency can provide needed economic analysis and support.

Specific areas of the study will include the capability to assess the impact of related international and domestic economic matters, to conduct sectoral and industry analyses aimed at spotting inflationary bottlenecks, and to assess the impact of government decisions on particular industries.

The study team has conducted a series of seminars with agency officials on regional economic analysis within the Federal Government. To supplement the agency survey, circulated in December, the team is preparing a survey for circulation to non-government institutions. The team is examining case studies to determine how governmental units perform in the course of actual decisionmaking and implementation. It has also begun examining the administrative structure of the economic units themselves.

--Lester Salamon (domestic aspects; 395-5017); Eric Hirschhorn (international; 395-3727)

EDUCATION--To review federal education programs for organizational and service delivery improvements.

In his State of the Union Message to the Congress, President Carter said the Administration will work with the Congress for the creation of a separate Department of Education.

The project continues to work with Congress in developing a structure for the proposed department. The staff has met with Members of Congress and numerous interest groups to discuss programs that might be included in the proposed department. These consultations precede Administration testimony at Senate hearings on S. 991, the bill creating an education department.

--Patricia Gwaltney (395-5014)

EMERGENCY PREPAREDNESS--To clarify and improve the federal role in preparing for, and responding to, natural, accidental and wartime civil disasters. The Federal Government is being drawn increasingly into the role of protecting the population from the effects of large scale civil disasters. Despite this growing involvement and dollar commitment, there is widespread criticism of federal performance. Frequent complaints include: insufficient coordination among the three principal disaster-related agencies; weak management; excessive red tape for those seeking assistance; and inconsistent policy guidelines.

There are three primary federal agencies engaged in planning and operations for civil emergencies and disasters; the Defense Civil Preparedness Agency (Defense Department); the Federal Disaster Assistance Administration (HUD); and the Federal Preparedness Agency (General Services Administration). The study will help to clarify the federal role in this area and recommend changes in federal administrative requirements and organization necessary to fulfill this role effectively.

A draft decision memorandum has been circulated for agency comment.

--William Harsch (395-5105)

FIELD STRUCTURE, FEDERAL--To improve intergovernmental and inter-agency coordination mechanisms. The President, after reviewing the performance of Federal Regional Councils, decided to retain the system for a year while an evaluation was underway. He directed OMB to conduct a regional coordination review and recommend improvements.

The problems of intergovernmental and interagency coordination are being analyzed by the human services, community and local economic development, law enforcement, natural resources, and education study groups. This material is being reviewed in developing options for better coordination of federal programs at the regional, State and local government levels.

--Vince Puritano (395-3774)

FOOD AND NUTRITION POLICY--To review the organization of federal food and nutrition policy in the following areas: production, marketing, and processing; research and education; international activities; commodity procurement and distribution; and conservation activities.

As presently structured, the Federal Government is ill-equipped to respond to the important changes taking place in the processing, marketing, and consumption of food. The Department of Agriculture continues to provide a focus for production concerns. The increasingly important safety, nutritional, and foreign policy concerns are dispersed among 22 other agencies. No institutional mechanism exists to formulate comprehensive U.S. food and nutrition policies. These policies suffer from a series of gaps and inconsistencies, moreover, that are increasingly likely to make both producers and consumers worse off than they are today.

The staff is nearing completion of a workplan. Analysis is underway on the relationship of this study to other Administration and congressional initiatives. Consultations with interest groups, agencies and Congress continue.

--Lester Salamon (395-5014)

HUMAN SERVICES--To improve the federal organization and delivery of human services to needy families and individuals.

The Federal Government currently spends approximately \$23 billion on more than 100 programs administered by ten departments and agencies which provide assistance to States, localities and community organizations for the delivery of services to families and individuals. The programs are intended to complement the major income assistance and health insurance programs by providing such services as day care, nutrition, special health services, rehabilitation, employment, training and counseling. They are directed primarily to the poor and especially to children, youth, elderly, unemployed, handicapped or disabled, migrants and Indians.

The study is completing its interim report. This will contain options for simplifying administrative requirements, improving coordination and accountability of human services programs, and consolidating and transferring various programs. The report will be circulated for comment this month. The staff will then begin its second phase of public consultations with interest groups and Congress.

--Patricia Gwaltney (395-5014)

JUSTICE SYSTEM IMPROVEMENT--To study Federal Government activities directed toward improving the justice system.

Substantial court backlogs, high legal costs, the continuing problem of crime, and other weaknesses reflect the need for improvement in the justice system. While the Federal Government does not bear full responsibility for correcting these inequities,

it does have a clear duty to make its own system a model and to encourage state and local governments to improve the quality of their justice systems.

A proposed decision memorandum on LEAA and a National Institute of Justice has been drafted in cooperation with the Department of Justice. Consultations with the Congress on this issue continue.

--Tread Davis (395-6113)

LAW ENFORCEMENT--To review all federal law enforcement missions, tasks and priorities.

There are today at least 112 federal organizations involved in police, law enforcement and investigative activities. Among these organizations there exists significant fragmentation, jurisdictional ambiguity, overlap, duplication, and operational confusion as to specific responsibilities.

Analysis of responses to the law enforcement survey is scheduled for completion by April 1. This analysis process has resulted in a preliminary issue report on personnel security investigations.

--Tread Davis (395-6113)

LEGAL REPRESENTATION--To review the Federal Government's system of providing legal advice and representation to its departments, agencies and regulatory commissions.

Areas of concern include: legal counseling, organization of civil litigation functions, staff and resource allocation, and improvement in the quality of legal representation. Surveys have now been sent to U.S. Attorneys, Department of Justice officials, other department and agency general counsels and selected regional attorneys. Interviews are being conducted with these groups, federal judges, department representatives, public interest and private attorneys.

Computer analysis of data on the federal legal system is scheduled for completion by the end of March. Drafting of preliminary options papers is now underway.

--Tread Davis (395-6113)

NATURAL RESOURCES AND ENVIRONMENT--To improve the organization of federal natural resources and environmental programs.

Federal responsibilities in this area are dispersed among eight departments and agencies with 160,000 employees and more than \$17 billion in annual expenditures; other departments and agencies have collateral involvement.

The study team has held consultations with the Congress, agencies, state and local government officials, interested groups, and general public. It has met with hundreds of groups and

individuals in field trips to Denver, Boston, Seattle, and Austin. Some 2,000 written replies have been received to the Public Solicitation of Views and Comments circulated in December. A digest of these responses will be made available to the public.

The team has completed major portions of its analytical work. Areas of attention include ocean resources, water resources, public land management and research and data support. This analysis has identified organizational problems in the natural resources area. Options will be reviewed to determine if these problems are solvable by organizational change.

--William Harsch (395-5105)

OSHA-WORKPLACE SAFETY AND HEALTH--To review jointly with the Labor Department federal efforts to improve workplace safety.

A workplan for the interagency task force was approved and made publicly available in January. On March 7, the staff briefed the task force on study progress and plans for issuing reports. Staff recommendations for the first task force report will be prepared by mid-April.

--Stan Morris (395-6176)

PLANNING REQUIREMENTS REVIEW, FEDERAL--To review federal planning requirements accompanying federal grant-in-aid programs to state and local governments, including areawide planning and development bodies. The objective is to eliminate, simplify or consolidate federal planning requirements where possible and appropriate. There are presently 162 federal grant-in-aid programs with well over 4,000 planning requirements having either a statutory or administrative base.

A draft report prepared for the President is now being reviewed.

--Vince Puritano (395-3774)

REGULATORY REFORM (GENERAL)--To simplify and improve government regulations.

On November 17, President Carter announced that he was seeking public comment on a proposed Executive order to reform the government's regulatory procedures. The proposed order requires agencies to take the following actions:

- Publish a semi-annual agenda of upcoming regulatory actions in order to allow all interested parties -- consumers, business, Congress, state and local governments and other public groups -- to provide their views on the regulation.

- Develop a plan for all significant regulations which assures that the views of the public are considered in the agency's decisions; that the regulation does not conflict with those of other agencies; that the regulation is written clearly; and that there is a specific official accountable for the regulation.

- Increase oversight by policy officials of the regulation development process to assure that regulations are in the best interest of the public.
- Prepare a regulatory analysis for all major regulations to assure that feasible alternatives have been analyzed and that the most effective and least burdensome approach has been chosen.
- Undertake a systematic review of existing regulations.

More than 350 comments on the draft Executive order have now been received from businesses, State officials, non-profit organizations and other individuals. The order has been reviewed to take account of these comments and will be issued by the President this week.

--Wayne Granquist (395-3423)

SMALL AGENCY REDUCTION--To review 77 small agencies for possible coordination with other units. The study team is continuing its preliminary examinations of individual agencies. Findings and recommendations are being prepared as each agency is reviewed. (Many of these 77 agencies are being reviewed as part of larger reorganization studies.)

--Tread Davis (395-6113)

SURFACE TRANSPORTATION REGULATORY REFORM--An interagency task force, chaired by the OMB and the Department of Transportation, is examining a range of options on ways to reform motor carrier (truck) regulation.

A set of options has been developed and these are under consideration.

--Stan Morris (395-6176)

Executive Loan Program

The Reorganization Project supplements its staff with personnel loaned from the private sector, as well as from state and local government, whose employers agree to lend them to the Project for periods of 90 days to six months. In each case, the employer must agree to pay the costs associated with the assignment.

The objective of the Executive Loan Program is to ensure that individuals from diverse backgrounds and perspectives participate actively in the Reorganization Project. At the present time, there are 40 people working on the Project under this program. This group includes 30 from the business sector, 9 from academic institutions and one from local government.

--James Healy (395-3512)

PRESIDENT'S REORGANIZATION PROJECT

Office of Management and Budget

James McIntyre, Director

Harrison Wellford, Executive Associate Director for Reorganization and Management

Peter Szanton, Associate Director for Organization Studies

Wayne Granquist, Associate Director for Management and Regulatory Policy

Peter Petkas, Director, Project Management Staff

Terry Straub, Reorganization Project Congressional Liaison

White House

Richard A. Pettigrew, Assistant to the President for Reorganization

Christopher J. Matthews (Contact: 456-6730)

3/25/'78

4:00 pm

To: President Carter

From: Tim Kraft

I have just returned from Fort Richie, and there are a couple of things that you and Rosalynn might want to consider about tomorrow morning.

The sunrise service will be held at an open lakeside pavilion, with the following weather projection: 28 degrees, possible sleet and wind. It is cold there. If this is still your preference, dress warmly.

Chaplain Reed had hoped you would come to the 11:00 service in their Chapel. He will conduct an hour-long service, which will consist mostly of music, an Easter Cantata by their choir.

The sunrise service will last about 35 minutes and will be conducted by Chaplain McAllister.

☒ sunrise service

☐ 11:00 chapel service

On the afternoon return to Washington:

☒ 4:30 departure from Camp David


☐ other

THE WHITE HOUSE

WASHINGTON

March 23, 1978

MEMORANDUM RE. FRIDAY MEETING WITH FBI AGENTS,
CONCERNING MARSTON-EILBERG INVESTIGATION.
TO THE PRESIDENT

FROM BOB LIPSHUTZ 

Attached are documents which you might wish to review briefly prior to the above meeting.

I would suggest that their questions be answered as succinctly as possible, and that if you do not clearly recollect any facts that you so state and not rely upon second hand information or vague recollections.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

March 13, 1978

ok
C
/

MEMORANDUM FOR THE PRESIDENT

FROM: Bob Lipshutz *RL*

SUBJECT: FBI Investigation of the Marston-Eilberg Matter

After receiving your notation on March 13 concerning this matter, we rechecked the "log" and found that the original information was in error.

In fact, your conversation with Congressman Eilberg on November 4 lasted only approximately 2 minutes. Please note the change on this schedule of telephone calls with Pennsylvania Congressmen during this period of time. Also, please note the three items following the November phone call which were not on the summary given to you by Frank Moore and Bill Cable. Apparently they had no record of these particular calls. I assume that the information which I have added is correct, but would appreciate your refreshing your memory concerning these last three items.

If this now is accurate and complete, I will go ahead and arrange for the FBI agents to come in and review these phone calls with you, upon your approval of the time to do so. I urge that this matter be concluded before you take your foreign trip later this month.

THE WHITE HOUSE

WASHINGTON

March 8, 1978

TO: FRANK MOORE

FROM: BILL CABLE

SUBJECT: Congressional Calls With The President

To date, I have been able to determine the subject of the following conversations between the President and the listed Members of Congress.

June 7	call to John Dent	7 min. 8:23 to 8:30 pm	Wished the Cong. a speedy recovery after his eye operation.
June 28	call to Marc Marks	12 min. 2:56 to 3:08 pm	Discussed an Energy Committee vote re: deregulation.
June 29	call to Marc Marks	14 min. 5:33 to 5:47 pm	Thanked for his help on Energy.
Aug. 3	call to Dan Flood	1 min. 3:26 to	These calls occurred during a Pa. Caucus meeting just prior to the energy vote in the House. "We have 16 votes for de reg, Mr. P.")
		3:27 pm	
Aug. 3.	call from Dan Flood	1 min. 4:13 to 4:14 pm	
Aug. 4	call to Doug Walgren	1 min. 4:51 to 4:52 pm	Discussed the plowback vote.
Aug. 31	call to Robert Nix	2 min. 3:25 to 3:27 pm	Discussed the AWAC vote in the HIRC.
Nov. 4	call from Josh Eilberg	2:57 pm.	Pres. in meeting. No contact.
Nov. 4	return call to Eilberg	5:13 pm.	Eilberg out. No contact.
Nov. 4	call from Eilberg	2 min. 5:58 pm. 6:00 pm.	Discussed Philly politics.
Nov. 6	call from Robert Nix (from Atlanta)	11:21 pm.	No contact
Nov. 7	call to Judge Bell (car telephone)	7 min. 3:19 pm. 3:26 pm.	Discussed call from Eilberg
Nov. 7	President returning call to Judge Bell	3 min. 3:43 pm. 3:46 pm.	Discussed this matter

PRESS CONFERENCE NO. 23

of the

PRESIDENT OF THE UNITED STATES

2:30 P.M. EST

JANUARY 12, 1978

THURSDAY

In Room 450

Old Executive Office Building
Washington, D. C.

THE PRESIDENT: Good afternoon, everybody. Thank
you very much.

p. 6, 7

QUESTION: Mr. President, on another subject, will Bill Miller, as head of the Fed, mean lower interest rates?

THE PRESIDENT: I want lower interest rates, and I know the Fed does also, I am sure, including Chairman Burns and certainly William Miller, who will be Chairman in the future, I hope.

We have here a problem in stabilizing the value of the dollar, which is the basis for most international trade on the one hand, of preventing excessive inflation, which is compatible with that, and still having interest rates low enough to encourage businesses to invest in stocks, to encourage them to create jobs with expansion, and to make sure that we have an economy that is stable and predictable.

So I think that both Chairman Burns and Miller would like to have lower interest rates. I hate to repeat myself again, but I think that until the question of energy is resolved the uncertainty about this subject and the realization that our excessive imports of oil or adverse balance of trade is going to be permanent, those two things are going to contribute to the deleterious effects of increasing interest rates and also uncertainty in the stock market.

Mr. Bradley?

QUESTION: Mr. President, you promised during the campaign to appoint U.S. Attorneys strictly -- without any consideration of political aspects or influence -- strictly on the basis of merit. May we first of all assume that is also your standard for removing political Attorneys, U.S. Attorneys, and, if so, why are you removing the U.S. Attorney in Philadelphia, David Marston who on the surface seems to have a credible record which includes the prosecution and conviction of a number of prominent Democrats?

THE PRESIDENT: The answer to the first part of your question is certainly yes. I intend to make sure that all the appointments that are made to Federal judgeships and also to U.S. Attorneys are made on the basis of merit, and I think until each appointment is observed very carefully -- who was in office compared to who is the replacement for that person in office -- that it would be hard to criticize a particular instance.

I have recently learned about the U.S. Attorney named Marston. This is one of hundreds of U.S. Attorneys in the country, and I was not familiar with the case until it became highly publicized. The Attorney General is handling the investigation of the replacement for Mr. Marston. I think the focusing of attention on this case will certainly doubly inspire him to make a selection that will be admirable and a credit to him and to me, and I have not interfered in it at all.

Before I first heard about Mr. Marston the Attorney General had already decided to replace him. We have encouraged the Members of Congress, Democratic Members of Congress, not to be involved in trying to influence the Attorney General about who should be the new U.S. Attorney there.

I will be glad to answer a follow-up question.

MORE

QUESTION: Is it the Attorney General's feeling, sir, that he has not done a good job?

THE PRESIDENT: I can't say that Mr. Marston has or has not done a good job. He was appointed at the last minute under the previous Administration. He was not a practicing attorney, had never had any prosecuting experience. And the only criticism that I have heard about him was that he had a very heavy commitment to call in press conferences and so forth when he obtained evidence or when a grand jury took action in an indictment. I think this is not unique in the country.

I have not discussed the case with the Attorney General and asked him specifically what was wrong with Marston. I don't know who he will recommend to me for the replacement. But I can assure you that when the replacement is announced that there will be the emphasis on the quality of a replacement, his qualifications compared to the incumbent. And I have absolute confidence that the Attorney General will do a good job in that respect.

QUESTION: Could I have a follow-up on energy? You have said that you want a fair energy bill for Congress.

THE PRESIDENT: Yes, I do.

QUESTION: And you have indicated repeatedly, today again, a warning about funneling undue amounts of money from the pockets of the consumers to the oil companies. Yet your Energy Department has told some Northeastern Congressmen that it will no longer continue weekly monitoring of home heating oil prices; that it will not monitor fuel prices at the refinery gates; and that if the prices to consumers do go up unduly this winter they will take action next winter. Now, how does that affect the consumers against a ripoff?

THE PRESIDENT: If what you say is true, then I don't see that it does protect the consumers adequately. I am not familiar with that statement, but I will find out an answer for you and let you know the answer.

MORE

Briefing with
out-of-town
editors2:30 pm
Jan. 13/78

We also are preparing by stockpile material in the European theater and by having much more mobile military capability; we are trying to reduce substantially the amount of time it would take to shift continent-based, United States-based mobile units over into Europe if it becomes necessary. Of course, what we are doing this for is not to create a war, but to provide an open, sure demonstration to the Warsaw Pact Nations that we are capable of defending Europe along with our European allies.

So when we do bring the troops back from Korea, they won't be disbanded. They will be used on this continent as a reserve force that can be used in Europe expeditiously.

QUESTION: Thank you, sir.

THE PRESIDENT: Let me take one more question.

QUESTION: Mr. President, you may be sorry.

THE PRESIDENT: That is all right.

QUESTION: This is going to be a Marston question. (Laughter)

THE PRESIDENT: Go ahead.

QUESTION: It seems to have become, from a local political squabble, escalated into a national test of the political climate of this Administration. I wonder if any thought had been given to the heavy burden that whatever Democratic appointee would carry going in there, having to produce indictments, whether they are called for or not, simply to prove that he did his job?

MORE

THE PRESIDENT: He may not be a Democrat. I don't think that has been decided. I am repeating substantially what the Attorney General has said. I never heard of Mr. Marston until just recently.

We have literally dozens of these appointments all over the Nation. The Attorney General generally works out the decision whether to replace the incumbent and if so, whom to choose as a replacement.

He decided, apparently last March, that Mr. Marston ought to be replaced. I don't think it is a responsibility of the President to outline to the public the reasons that the Attorney General did not think Mr. Marston ought to stay there.

I have no inclination to criticize him or any other person that is being replaced. Because there were ongoing investigations, the Attorney General decided not to make the change immediately.

The Pennsylvania Congressional delegation -- I think to be honest, the Democrats there -- finally came to me because of the delay. Once a decision was made, they thought in order to get rid of a very serious political dispute that kept going on, that the Attorney General ought to name his successor.

At that time I still didn't know who Mr. Marston was. But I relayed the congressional concerns to the Attorney General. He replied to me that he had long ago decided to replace Mr. Marston and that he was determined to make that replacement on the basis of merit only, and requested that the Democratic members of Congress not become involved in trying to help choose a successor, to let him do it strictly on the basis of merit. And I said that is what I would like to do.

The Congressional members assured me that although some of them in the past recommended persons to take that job, that they would withdraw from that process and let the Attorney General do it because of the controversy apparently that was surrounding this case in Philadelphia, that they would just get out of it

MORE

and let the Attorney General make the decision.

I don't have any doubt that the Attorney General will make an excellent selection. I think he would have without the publicity. Now it is incumbent on him to make sure that when the choice is made and the announcement is made -- I make the final approval -- that there is a sigh of relief and a general consensus, assessment that this replacement for Mr. Marston is indeed highly qualified.

We are not ignorant about among what group the choice would be made. The Attorney General has been checking with top members of the Bar, the judges in that area and so forth, to make sure that the people that he is now considering are all highly qualified.

It is a slow, tedious process. After he decides whom he wants -- and he has not yet told me whom he will recommend -- but after he decides, then the FBI has to do a long, tedious check to make sure there is nothing in the person's background that might cause embarrassment.

We are going through the same process on a number of other appointments. The FBI Director is one of the most important. I have just done the same thing, as you know, to choose a Chairman of the Federal Reserve Board. It is one of the time-consuming responsibilities that I have.

But I am positive that there will be no distortion of the attitude or commitment to prosecute, or to decide whether or not to prosecute by the replacement for Mr. Marston.

There are about 40 attorneys in that office, in addition to Marston, I understand. They will continue any investigation that is underway. I did not know until yesterday that any member of Congress was being investigated by Mr. Marston.

MORE

It is just one of those things that was of high interest in Philadelphia that had not come to my attention until I encountered it yesterday with the press conference.

QUESTION: Thank you, sir.

THE PRESIDENT: Thank you.

But I think you can be reassured that it will be a good appointment. And I think without derogating Mr. Marston at all, which I don't have the inclination to do, I hope and expect that it will be well received in Philadelphia.

Let me thank you again. I have had a chance to meet with editorial groups like yourselves I think every two weeks since I have been here. It is kind of an unprecedented thing, but it helps me more than it does you, just to learn what your interests are particularly from around the Nation.

The White House press corps is a highly professional group, I guess among the best news people in the world. But they, like I do, live right here in Washington. I get a much more widely-ranging series of questions from you than I do from them. And I thank you for being willing to come to Washington to meet with us. I know you have met with several of the people on the White House staff this morning, including Dr. Brzezinski. I am sure you got a good response from them as well.

But thank you very much.

THE PRESS: Thank you.

END (AT 3:10 P.M. EST)

NOTICE TO THE PRESS

The President's comments this morning were directed toward allegations that Congressman Eilberg was under investigation. They were based upon statements by Attorney General Bell at the Cabinet meeting Monday morning that he had no evidence that Congressman Eilberg was the target of any investigation.

The President's comments were not based upon any report from the three-man Justice Department team in Philadelphia, as he has had no report from them. The team did not begin to arrive in Philadelphia until yesterday (Monday) morning.

#

I think this was in response to something Rep. Florio said to reporters as he was leaving a meeting with the President. (See Jody's Q&A about this statement.)

We have no transcript of what Rep. Florio said.

got off the airplane or visited a college campus with his heart full of love.

Quite often he didn't see love in the faces of

P. 4, 5

PRESS CONFERENCE NO. 24

OF THE

PRESIDENT OF THE UNITED STATES

2:30 P.M. EST
JANUARY 30, 1978
MONDAY

In Room 450

Old Executive Office Building

QUESTION: Mr. President, since I assume the subject will come up when you meet with President Sadat, could you give us a general outline of your view toward our helping Egypt to acquire arms?

THE PRESIDENT: We have been, of course, facing the continuing prospect for a number of years of providing some weapons into the Mideast, heavily to Israel, also to Saudi Arabia, to Iran and to some degree the non-attack weapons to Egypt.

All these nations have requests to us for weapons. They have been committed to those nations to some degree by my two predecessors, and reconfirmed in some instances by me.

The National Security Council will make a report to me early this week recommending from the State Department, from the Defense Department, from the National Security Adviser, what weapons to recommend to the Congress.

After that point, the Congress will have a thirty-day plus a twenty-day period to respond affirmatively or not.

I will decide later on this week what to recommend to the Congress.

The Egyptians have, in the past, requested F-5-E fighter planes, one that is used extensively around the world for export purposes primarily and Israel and Saudi Arabia have requested other weapons. They have some F-5s.

QUESTION: Mr. President, have you seen anything improper in the handling of the Marston affair? Have you learned any lessons from it, and all of its ramifications, and do you contemplate any changes in procedures for appointing and removing U. S. Attorneys?

THE PRESIDENT: In the first place, I see nothing improper in the handling of the case. I made a campaign commitment that any appointee to a position as U. S. Attorney or a judgeship would be appointed on the basis of merit and this campaign commitment will be carried out.

There has also been a statement made by me during the campaign that, all other factors equal, that I would choose someone for those positions, or even for the Supreme Court, whose basic political philosophy was compatible with mine. The fact is at this point we have about one-third of the U. S. Attorneys around the country who are Republicans. I think when I took office, only three Democrats were in office. And I don't think that Nixon or Ford appointed any Democrats during the eight-year period. So far as I know, they haven't.

I think that the Attorney General has handled the case as well as possible. I explained to you at the last press conference what I knew about the facts then and so far as I know, there is no impropriety at all. I understand from the Attorney General that he has now received recommendations

MORE

five highly-qualified nominees to take over that responsibility. He will begin interviewing them tomorrow. And the likelihood is that he would make a selection this week.

QUESTION: Mr. President, but isn't it time to put aside the Justice Department and in that direction how about an end to the political firings of Federal judges and prosecutors wholly apart from seeing to it that there are Democratic replacements highly qualified?

THE PRESIDENT: I think we have moved strongly in that direction. Obviously, a Federal Judge is not subject to being removed. The Constitution gives the President a responsibility to appoint those officials if confirmed by the Senate. And, of course, a U. S. Attorney can be fired or discharged from office only by the President himself. That does not apply to Federal judges. They, as you know, serve for life.

We have, I think, moved a great step in that direction. Over a period of many generations the Members of the Senate have become heavily involved in recommendations for judges. Since I have been in office we have set up selection boards for all Circuit judges. I think in fifteen states the Senators -- which is a new development -- have now set up selection boards to recommend highly-qualified District judges. But I agree with you that this is a move that we should make.

I think you will notice that when we have made selections for, say, Circuit judges or when we have made two selections now for Director of the FBI, there were Republicans involved in both cases, I think, for the FBI.

QUESTION: How about setting up an independent blue ribbon committee that would monitor firings, as well as appointments, deciding each case on the merits, not on politics?

THE PRESIDENT: The Attorney General in the speech in May, and preceding that in March, advocated that this general procedure be followed. I don't remember the exact text of that speech. But I believe in every instance when the results have been made known that there has been no criticism of the person chosen. In some instances, U. S. Senators have specifically come forward and advocated that a Republican U. S. Attorney be kept in office.

I remember once in particular in New York that Pat Moynihan said to keep the Republicans in office and we have done so.

QUESTION: Mr. President?

THE PRESIDENT: Yes?

QUESTION: On the Middle East, do you have a clear idea now from Prime Minister Begin as to whether or not he will authorize new settlements in the West Bank and in the Sinai, and do you believe that Israel over a period of time ought to phase out those settlements in return for real peace?

MORE

THE PRESIDENT: Well, in the first place, our Administration over this past year has been very concerned about the difficulty of black citizens and other minority groups in trying to acquire ownership of the electronic media. And on behalf of the minority citizens of our country, we have now filed a petition directly with the Federal Communications Commission, as you know, and I have sent a message to Congress—and Walt Wurfel or somebody can get you a copy of it—expressing to Congress the need to ensure that in the future black citizens and black citizen groups can acquire ownership and control of the electronic media, both television and radio.

And now over a longer period of time, the Congress will evolve and pass legislation. In the meantime, we are moving as aggressively as possible with the FCC under a Justice Department petition on my behalf to expedite the process.

So we really have a two-phase effort. One is the Federal Communications Commission taking action under its existing authority and the other one is the message to Congress that will, in the long run, bring about legislation, perhaps.

QUESTION: Two quick questions. One, I am from Philadelphia where David Marston is still in the news. The question is did you or Mr. Bell meet with Senator Eastland any time after your election and agree to take the selection of Federal Judges out of the patronage process but leave the selection of U. S. Attorneys in the patronage process.

The second one is what do you plan to do about the situation regarding Ethiopia and Somalia. Will there be any transfer of arms to Somalia directly or indirectly, perhaps from Iran?

THE PRESIDENT: I met with Senator Eastland at the Governor's Mansion in Georgia after I was elected. We discussed with him my desire to have Federal Judges appointed on a merit system basis.

Editors
briefing
1 pm
2/16/78
P. 15, 16

He pointed out to us what we already knew, that historically, the United States Senators in States had been the ones to put forward names of Judges to be appointed. We informed Senator Eastland that the Circuit Judges, the ones that come from several States, that we would set up immediately, when I became President, screening committees to make sure that they gave me the names of the five most qualified people before I made the selection.

We now have a screening commission set up in every one of the Circuits in the Nation. Neither Senator Eastland nor I have the authority to remove against their will, the historical right of Senators to participate in the District Judgeships. But we have encouraged the Members of the Senate -- I have written handwritten letters to every Democratic Senator -- to do so, and I think now in 18 States, these merit selection commissions have already been set up.

There was never any discussion at all about U. S. Attorneys.

On the other question, we don't intend to extend arms to either side. We have called on Somalia to withdraw from Ethiopia territory out of the Ogaden area.

MORE

interview
with college
editors

11:30 am
3/3/78

P. 234

THE PRESIDENT: I have had no suggestions that the Soviets might introduce missiles that were capable of attacking our country in Cuba if the SALT negotiations are successful or unsuccessful. I had a meeting yesterday on the SALT negotiations in detail with our chief negotiators.

We are making good and steady progress. We now are down to about 12 highly technical issues, three or four of which are quite significant in their nature and will be difficult. My own belief is that both in reaching a SALT II agreement--which will last until 1985, a protocol which will last until 1980 or perhaps the first of 1981, and setting down the principles of a so-called SALT III agreement which will bring about much more drastic reductions in commitments to nuclear weapons plus for the first time, discussions on a comprehensive test ban to prevent the explosions of nuclear materials either for so-called peaceful nuclear devices, or for military purposes--we are making good progress in all of those respects.

The time required has been much greater than we had anticipated, but my guess is that the negotiators will resolve most of these issues in Geneva and it will probably require a direct meeting or communication between myself and President Brezhnev before we can reach a final agreement.

But I don't anticipate any threats from the Soviet Union through Cuba as a result of that.

QUESTION: Mr. President, during your campaign, one point that you emphasized was to restore people's faith in government.

Representative Philip Crane has introduced a House resolution to set into motion an impartial House investigation of the Marston matter. Would you favor such a resolution so that people's faith can be restored?

THE PRESIDENT: Well -- (laughter) -- it is difficult for me to comment objectively on Congressman Crane.

QUESTION: Just the resolution.

THE PRESIDENT: At this point, the Senate is conducting an assessment of the appointment of Deputy Attorney General Civiletti. And in that process, the Republican members of the Senate Judiciary Committee are going into the Marston matter. There is nothing about the Marston matter at all that causes any regret to me except the extraordinary publicity that has been brought to it.

I don't see in retrospect after careful examination of the issue that anything improper was done. There has never been an instance since I have been in office when an appointment was made to a U. S. Attorney position or District Judge or Circuit Judge other than strictly on the basis of merit.

That was my commitment to the American people and I have not violated it. We have not yet made an appointment to replace Mr. Marston. Historically in this country, the Senate has been deeply involved in the decision about who would be Federal Judges and U. S. Attorneys. When I came into office, after eight years of Republican Administration, there had not been a single Democrat appointed to a U. S. Attorney's position in eight years.

Only four U. S. Attorneys were left over from previous Democratic Administrations. They were in very strongly controlled States where the Democratic Senators were quite influential with the Nixon Administration.

We have done it quite differently. We have established assessment commissions to give me recommendations for U. S. Judges on a

MORE

circuit basis. We have asked the Senators to set up similar merit selection commissions on a State basis for District Judges -- 18, I think have done it already -- and in every instance, we have consulted with the highly qualified lawyers, others in the area, judges, to choose U. S. Attorneys.

So I would not hesitate to recommend any presentation of the facts about the Marston case.

MORE

PRESS CONFERENCE NO. 27

OF THE

PRESIDENT OF THE UNITED STATES

3:00 P.M. EST
MARCH 9, 1978
THURSDAY

p. 14

QUESTION: Mr. President, are you willing to accept energy legislation that in a few years would lead to the deregulation of natural gas?

THE PRESIDENT: Yes. I am. This was a campaign statement and commitment of mine that I thought natural gas should be deregulated. In my speech to the Congress last April the 20th, I repeated this hope and I think that a long phased-in deregulation process without any shocks to our national economy would be acceptable.

QUESTION: Mr. President, it now appears that there were some significant deletions in the Justice Department affidavits on the Marston case bearing upon his competence and upon the nature of politics in Pennsylvania. And this has led to new charges of a cover-up by some people high up in the Justice Department, or at the very least, some incompetence on the part of Justice Department people.

What is your assessment of how your Justice Department has handled this, and if I may ask my follow-up before I sit down, are you irritated by the delay in naming Marston's successor?

THE PRESIDENT: The answer to your last question is no. Because of the high degree of attention focused on this particular appointment, the almost natural delay has been a matter of some interest. But it takes a long time to screen many applicants to make sure that we satisfy the desires of the judges in that area or of the responsible lawyers in that area and that we satisfy ourselves that there is an adequate FBI check of their background, that their financial status is good, that there is nothing that can be brought up later on that would be embarrassing to the appointee when a thorough discussion or investigation is made.

It is a time-consuming process. I am not dissatisfied. We are moving as rapidly as we can on that. I didn't know anything about the information presented to the Congressional committees. I think in retrospect it would have been better to go ahead and include the statement of the FBI agent.

QUESTION: Mr. President, can you tell us why you think the dollar is declining abroad? What are you going to do about it and do you think it is time for more tougher measures to curb inflation here in the United States?

THE PRESIDENT: This is a matter with international implications. I had a long talk this morning on the phone with Chancellor Helmut Schmidt. This was one of the subjects that we did discuss. And German and American officials will be meeting this weekend to try to have a common approach to eliminating, or certainly reducing the disorderly marketing of the currencies of the world.

1655

THE WHITE HOUSE
WASHINGTON
March 24, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: TAX PROGRAM STATISTICS

cc: The Vice President

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

OFFICE OF THE VICE PRESIDENT
WASHINGTON

Susan

The V. P. suggested
the President might
be interested in this
if he hasn't already
seen it

Mike

Frank -
Distr. but to
Congress
J

THE HARRIS SURVEY

For Release: Thursday AM, March 23rd, 1978

Not Before

By Louis Harris

Despite forecasts by key Congressional leaders that it will have a hard time passing the House and Senate, President Carter's proposed tax program meets with substantial 55-16 percent approval by the American people. However, only a relatively narrow 46-35 percent plurality feels that if enacted into law the Carter tax package will make the tax system fairer than it now is.

According to a recent Harris Survey of 1,510 adults nationwide, the public is firmly in favor of the main provisions of the President's program. Topping the list of reforms that meet with public favor are the much-debated provisions for a sharp cut-back in expense account living:

--By 75-15 percent, a majority favors "eliminating deductions for business entertainment, such as buying tickets to shows and sporting events for customers."

--By 72-16 percent, another sizable majority also favors "cutting down on business expense accounts, by letting people take only half the amount spent on a business lunch off as a business expense." Mr. Carter's call for an end to the writing off of the "three martini lunch" as a business expense clearly meets with overwhelming public approval. The strong protests of those who make their livelihood in the restaurant and entertainment businesses simply have not had any major impact on public opinion.

--By 68-16 percent, a majority also favor "eliminating deductions of the extra cost for first class travel as a business expense."

C O N T I N U E D

Also high on the list of publicly supported tax reforms are these measures:

--By 75-10 percent, a majority would favor "eliminating the excise tax on telephone calls."

--By 60-18 percent, the public backs an "elimination of the practice of allowing American businesses to defer paying taxes on profits earned abroad which are reinvested abroad."

--By 59-17 percent, a majority would also favor "restricting sharply the amount a person can take off in federal taxes from investments in tax shelters."

Finally, with lower levels of public support come the two measures most likely to become law in 1978:

--By 60-12 percent, with a high 28 percent still undecided, most people favor "cutting individual federal income taxes by \$17 billion."

--In addition, by 56-19 percent, a majority favors "replacing the \$750 personal exemption on the federal income tax with a \$240 credit to each taxpayer against the tax owed, which would reduce the taxes paid by people with incomes under \$20,000."

Two other specific measures, dealing with corporate tax relief meet with plurality but not majority support:

--By 38-25 percent, people favor "reducing the general corporate income tax rate from 48 to 44 percent by 1980."

--By a closer 32-25 percent they favor "giving business corporations a permanent investment tax credit of 10 percent."

The one part of the Carter tax program to meet with public rejection is a proposed change in the rules for deductions which people who use the long form on their tax returns have been taking for many years:

--By 55-21 percent, a majority of the public opposes "eliminating deductions individual taxpayers can make from their federal income taxes of all state and local sales taxes, gasoline taxes, and taxes on personal property, but not taxes on residences or buildings individuals own."

When people add up all the provisions of the President's tax package, a 55-16 percent majority favors the program. Moreover, most of the specific measures meet with approval. Yet, such are the ways in which the legislative process works that most informed observers do not give the Carter tax package a good chance of being enacted this year--except for the tax cut provisions.

TABLES TO FOLLOW

T A B L E S

Recently, the Harris Survey asked a cross-section of 1,510 adults nationwide:

"President Carter has recommended a series of tax changes to the Congress. Let me read you some of the things he is recommending. For each, tell me if you favor or oppose that tax proposal."

PRESIDENT CARTER'S TAX PROPOSALS

	<u>Favor</u>	<u>Oppose</u>	<u>Not sure</u>
	%	%	%
Eliminate deductions for business entertainment, such as buying tickets to shows and sporting events for customers	75	15	10
Eliminate the excise tax on telephone calls	75	10	15
Cut down on business expense accounts, by letting people take only half the amount spent on a business lunch off as a business expense	72	16	12
Eliminate deductions of the extra cost for first class travel as a business expense	68	16	16
Cut individual federal income taxes \$17 billion	60	12	28
Eliminate the practice of allowing American businesses to defer paying taxes on profits earned abroad which are reinvested abroad	60	18	22
Restrict sharply the amount a person can take off in federal taxes from investments in tax shelters	59	17	24
Replace the \$750 personal exemption on the federal income tax with a \$240 credit to each taxpayer against the tax owed, which would reduce the taxes paid by people with incomes under \$20,000	56	19	25
Reduce the general corporate income tax rate from 48% to 44% by 1980	38	25	37
Give business corporations a permanent investment tax credit of 10%	32	25	43
Eliminate deductions individual taxpayers can make from their federal income taxes of all state and local sales taxes, gasoline taxes, and taxes on personal property, but not taxes on residences or buildings individuals own	21	55	24

C O N T I N U E D

The cross-section was also asked:

"All in all, do you feel that, if enacted into law, President Carter's new tax proposals will make the federal tax system much fairer than it now is, only somewhat fairer, not much different than it is now, or less fair than it is now?"

WILL NEW TAX PROPOSALS MAKE FEDERAL TAX SYSTEM FAIRER?

	%
Much fairer	12
Only somewhat fairer	34
Not much different	30
Less fair than now	5
Not sure	19

"Taken as a whole, do you favor or oppose President Carter's recommendations for tax changes?"

PRESIDENT CARTER'S TAX RECOMMENDATIONS

	%
Favor	55
Oppose	16
Not sure	29

THE WHITE HOUSE

WASHINGTON

24 March 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

RICK HUTCHESON *RLH*

SUBJECT:

Status of Presidential Requests

EIZENSTAT:

1. (2/16/77) Opportunity for regulatory reform -- Done. *done*
2. (3/13) Briefly comment on the confidential Henry Owen memo concerning the Humphrey bill -- Done. *done*
3. (3/14) (and Kraft) Set up a meeting on farm policy -- *done*
Done (3/21).
4. (3/22) (and Bourne) Set up another 30 minute meeting with the President and Califano regarding NSI and health matters -- In Progress, (tentatively scheduled to be the week of 4/10).
5. (3/22) Prepare a letter from the President to key congressional leaders regarding social security using simple data from your memo. Then Blumenthal, Califano and you can meet with them -- letter will not be sent, per Eizenstat and Schlesinger. *Sta - draft 1 hr for me*

MCINTYRE:

1. (1/9) (and Eizenstat, Marshall, Kreps and Blumenthal) Give the President a decision memo on the National Center for Productivity and Quality of Working Life -- In Progress, (OMB has completed the memo; Senior Staff and Agencies are reviewing; expected after you return from overseas).
2. (3/22) Do you have any strong objection about the letter from Leonard Foote (Georgia Department of Natural Resources) concerning H.R. 10915 Non-Game Fish and Wildlife Program? -- In Progress, (with Senior Staff, expected 3/27).

- 2 -

BRZEZINSKI:

1. (1/17) (~~Secret~~) Consult with Vance, H. Brown, and H. Jordan and advise the President on how best to use the information concerning your memo on comparison of SS-20 and ER warhead -- Done (NSC forwarding information to Tito, copy attached). *done*
2. (3/14) (and Harold Brown) The President told Chairman Stennis that after the President is briefed on the 5-year Navy Shipbuilding Program the President would meet with Stennis, Mahon, et al to discuss it in general terms -- In Progress, (with DOD, H. Brown gave them a briefing 3/24). *done*
3. (3/22) Set up a 30 minute meeting this week on the Navy Shipbuilding Program -- Done (3/23). *done*

FIRST LADY:

1. (3/14) See the President about the Joan Mondale note concerning dinner with John McPhee sometime in May -- Message Conveyed. *done*

JOHN WHITE:

1. (3/14) Please talk with the First Lady about the exclusion of women from DNC financing -- In Progress. *done*

ATTORNEY GENERAL BELL:

1. (3/13) Please give the President a brief assessment on encroachment of personal privacy. The President has been a little disturbed by recent articles on this; if true, this is a trend contrary to the basic philosophy of both you and the President -- Done. *done*

~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

24 March 1978

MEMORANDUM FOR

THE HONORABLE W. MICHAEL BLUMENTHAL
Secretary of Treasury

Re: Your Memo of March 21, 1978,
"Anti Inflation Initiatives"

With regard to the timing of an anti-inflation statement, the President decided to make the announcement "soon" after he returns from his trip abroad.

1. With regard to the proposed statement on the next pay increase for Federal white-collar workers, the President checked the "agree" box, and added: "after promised consultation:"
2. With regard to the statement on budget policy, the President selected Option B "as amended" - can substitute some language from Option A if needed - no need for excessive specificity." Option B, as amended by the President, reads as follows:

"In January, I proposed a budget for the next fiscal year that is tight, but that meets the nation's needs. The prospective deficit in that budget is on the order of \$60 billion. As always, pressures are developing on all sides to enlarge that deficit. It is essential to our future prosperity that these pressures be resisted. If the opportunity develops, I will work hard to bring the deficit down toward the level we now project for the current fiscal year. We must not allow pressures for a larger deficit to compromise our hopes of maintaining balanced economic growth in a climate of declining inflation."

3. The President decided not to appoint a White House Inflation Advisor.

DECLASSIFIED

E.O. 12356, SEC. 3.4(b)

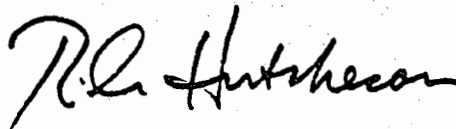
WHITE HOUSE GUIDELINES, FEB. 24, 1983

BY

DATE

5/2/90

4. The President approved asking state and local government officials to follow the lead of the Federal Government with respect to wage rate increases, and to cooperate further, when financial conditions permit, by reducing those taxes which add directly to prices and costs.
5. The President approved making a statement on Federal timber policies, but commented: "Exact language (is) too narrow in focus -- see Stu's comments." (Stu Eizenstat's comments are attached.)
6. The President approved the announcement of actions on government regulation.
7. The President approved the proposed procurement policy.
8. The President approved the proposed meetings with the private sector (business and labor representatives).
9. The President approved the recommendation that he direct COWPS to begin meeting immediately with leading firms in major industries to discuss specific means of reducing the magnitude of price increases.
10. The President approved the recommendation that he request support of the independent regulatory agencies in the deceleration objective.
11. The President approved the "sector approach" as a framework for the anti-inflation policy.



Rick Hutcheson
Staff Secretary

cc: The Vice President
Stu Eizenstat
Hamilton Jordan
Frank Moore
Jody Powell
Jim McIntyre
Charlie Schultze
Tim Kraft

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

3/22/78

Mr. President:

Comments from Jordan,
Eizenstat and Moore are
attached.

Schultze and McIntyre have
nothing to add to the
presentation of their
views in Blumenthal's memo.

Rick



CABINET ECONOMIC POLICY GROUP

DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

March 21, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: W. MICHAEL BLUMENTHAL *WMB*

SUBJECT: Anti-inflation Initiatives

The EPG met yesterday to develop formal recommendations on the anti-inflation actions discussed with you last week.

There was substantial controversy over the priority to be given to anti-inflation concerns in the overall formulation of Administration policy.

Some of your advisors, led by Treasury and CEA, believe a sharp change of policy is required. Government decisions in 1977 were a major contributor to inflation; and the government's inability to restrain its own actions has damaged severely the credibility of requests for private sector restraint. The inflation situation has worsened significantly in recent months. The rate of price increase threatens to accelerate substantially in 1978 and 1979. If there is not a decisive turn in policy, the recovery could be aborted by escalating inflation and tightening financial markets. The problem has become immediate because of the depreciation of the dollar, which both feeds inflation and is aggravated by it.

Treasury and CEA believe that all our policy actions should now be evaluated in light of the inflation threat and that the goal of reducing inflation should be given far greater priority on our domestic agenda. ?

The steps that are proposed in this memorandum will, by themselves, contribute little to moderating the rise in costs and prices; they are meant to mark a turning point in anti-inflation policy that will give credibility to the deceleration program, and thereby enhance the prospects for cooperation in the private sector. Treasury and CEA believe that it is urgent for the Administration to get out in front on the inflation issue as quickly as possible, and to follow up vigorously throughout the year.

Jay 5/2/90

-2-

Your other advisors agree that the inflation issue is important, but some believe that a realistic anti-inflation policy must be flexible and take into account existing commitments and policies in other areas. These advisors warn that the proposed actions will have little direct impact on inflation but will have significant political or programmatic costs. For example, a hard line on Federal pay will reduce the chances for passage of Civil Service Reform; organized labor--particularly the public employee unions--will be antagonized, and some individual measures will be opposed by other groups.

Because of this difference in perspective, your advisors disagree on three key issues: timing of your anti-inflation statement, the strength of the wording on budget policy, and a recommendation for the appointment of a prominent individual to coordinate the anti-inflation program.

The Timing of a Statement

There are three proposed announcement times: (1) this week, (2) next week, before you leave on your trip, and (3) ~~some time~~ after you return.

soon

A. Immediate Announcement

Advocates note that the leak to the press has sharply reduced the probable psychological impact of any announcement. Delay until next week or later will make the issuance of an Executive Order on regulatory reform old news.* Consultations with the Federal unions, about the Federal pay action, can be accomplished in one or two days. The CPI, to be released on Tuesday of next week, will probably show another sharp rise in consumer prices; and delay until then will place you in the position of responding to events rather than seizing the initiative.

B. Postpone Until Next Week

Advocates note that the Administration has promised to consult with the Pay Council before taking action on the Federal pay raise. An announcement this week would permit only perfunctory consultations, and a short delay might reduce some of the damage to prospects of passage of Civil Service Reform.

* The Executive Order is scheduled for issuance Thursday of this week.

-3-

C. Postpone Until After Your Trip

Advocates note that a substantial delay would allow more time for consultation with the Federal unions. Also, Stu Eizenstat believes that the Federal pay action will raise some problems for Federal pay increases in future years that require more time for examination. A delay of several weeks would give us time to find a prominent person to head up the anti-inflation program and to develop other aspects more fully.

A delayed statement would also avoid conflict with the planned submission of the urban program next week. (Additions to the budget from this program might reduce the psychological impact of the proposed statement on the budget.)

However, delay runs substantial risks in the international financial situation. This situation requires action before your trip, in the judgment of Treasury, State, NSC, and CEA.

Treasury and CEA prefer an immediate announcement. They, NSC, and State oppose postponement of the announcement until after your trip. STR and OMB favor such postponement.

Decision

immediate
announcement

next week

soon after trip ✓

Specific Actions

These actions fall into three categories: (1) direct actions to initiate deceleration, (2) steps to reduce the future effects of regulatory and other government actions on costs; (3) actions to implement the deceleration program in the private sector. The issues are presented in the order of their importance and degree of controversy among your advisors.

1. Federal Pay Increase

You could make the following statement on the next pay increase for Federal white-collar workers:

"As part of the Federal Government's efforts to slow inflation, I will propose holding this year's white-collar Federal pay increase to the neighborhood of 5-1/2 percent. I believe that a pay increase of this size is equitable and will help restrain the inflationary trends we see developing in our economy."

You should understand the following with respect to this announcement:

- Under the law, your proposal to the Congress must await the receipt of the comparability recommendations of your pay agent (OMB and CSC) and the Advisory Committee on Federal Pay. It permits you to submit to them an "alternative plan" only in the case of a "national emergency or economic conditions affecting the general welfare." The comparability survey will not be completed until May.
- The current forecast of this fall's full comparability increase for white-collar workers is seven percent.
- A May 1977 letter from your pay agent assured AFL-CIO President George Meany that you would make no final decision to use an alternative plan without seriously considering the views of the Federal Employees Pay Council.
- It is Scotty Campbell's view that a proposal to limit Federal pay might seriously affect the chances of getting union support for the Civil Service Reforms.
- If you decide to make this announcement, Scotty Campbell and Jim McIntyre will meet with the Federal Pay Council as promised in the letter mentioned above.

We agree that this action should be taken, but are divided on its timing, as noted above. Many advisors favor delaying a final decision by you until the consultative process is completed. In addition, Stu Eizenstat doubts that there will be any matching deceleration in the private sector. If so, a cut in this year's pay increase would give rise to a larger comparability increase next year.

-5-

Decision

☒ agree

☐ disagree

Comments:

after promised consultation

2. Budget Policy

We all believe that you should state a strong commitment to hold the line on the budget you sent to Congress in January, and in particular on the size of the tax cut. However, some advisors favor a generalized commitment and recommend that you avoid a commitment to specific numbers on Federal outlays and on the magnitude of the tax reduction and that you not focus on the deficit number. These advisors believe that some upward budget revisions (e.g. urban program), by the Administration and the Congress, are politically necessary, and they do not wish to spotlight the deficit as a source of inflation. On the other hand, Treasury would focus on the budget deficit, and would include an intent, if possible, to pare the FY 1979 deficit down toward the currently estimated level for FY 1978. Treasury notes that the public understands the deficit and is not impressed by a pledge to hold spending to \$500 billion.

Option A

"In January I proposed as a central part of my economic program a budget for fiscal 1979 with outlays of approximately \$500 billion and revenues of \$440 billion. This budget includes expenditures which meet our nation's needs and a \$25 billion tax cut needed to sustain the economic expansion. The deficit must not be increased because we must not, and will not, raise the odds of increased inflation. I will be reluctant to accept a tax reduction larger than the \$25 billion I have proposed and my decision to agree or disagree with each spending bill presented to me will be significantly affected by my judgment of its impact on inflation."

-6-

Option B

"In January, I proposed a budget for the next fiscal year that is tight, but that meets the nation's needs. The prospective deficit in that budget is on the order of \$60 billion. As always, pressures are developing on all sides to enlarge that deficit. It is essential to our future prosperity that these pressures be resisted. ~~I will work closely with the Congressional leadership and, if necessary, will exercise the authority of this office, to keep expenditures from exceeding the \$500 billion total proposed in the budget and to keep the tax cut, net of reforms, from growing beyond the \$25 billion I have proposed. If the opportunity develops, I will work hard to bring the deficit down toward the level we now project for the current fiscal year.~~ We must not allow pressures for a larger deficit to compromise our hopes of maintaining balanced economic growth in a climate of declining inflation."

Treasury recommends option B. Other advisors favor option A.

Decision

Option A

✓
Option B

3. White House Inflation Advisor

You could appoint a prominent individual who would report to you directly to head up the anti-inflation program. J

- Such an individual would provide greater focus to the anti-inflation effort.
- Such an individual might make CWPS more effective in achieving restraint in the private sector.
- But the individual would be ineffectual unless involved and influential in a broad range of other related economic policy areas, which arrangement would further complicate the policy process. Moreover, appointment of such an individual is not a substitute for a strong effort by all of your advisors to make the deceleration program work.

This action is opposed by CEA and Treasury, but favored by your other advisors.

-7-

Decision

Yes

✓

No

4. State and Local Governments

If you decide to take action on federal pay, we recommend that you ask state and local government officials to follow the lead of the Federal Government with respect to wage rate increases, and to cooperate further, when financial conditions permit, by reducing those taxes which add directly to prices and costs.

Decision

✓

Yes

No

5. Lumber Prices

Your advisers, including Secretaries Andrus and Bergland, recommend that you make the following statement on Federal timber policies:

*Exact
language too
narrow in
focus*

"I have instructed the Department of Agriculture and Department of Interior, together with my economic advisors, to develop and begin to implement within 60 days a program to expand, on a sustained basis, the timber harvest from Federal lands. The intent is to eliminate the excessive rise in lumber prices."

Decision

✓

Yes

No

*See
Stu's comments*

-8-

6. Government Regulation

Your advisors recommend that you announce the following actions on government regulation.

"I have signed today an Executive Order that will assure that future regulations are both necessary and cost effective. I have met as well with the heads of regulatory agencies within the Executive Branch to emphasize the importance of attaining these objectives. I have established a high level inter-agency committee to review the economic impact of major regulations and have asked the Chairman of that group to report to me regularly on the program's progress, and on the outcome of each review."

Decision

✓

Yes

No

7. Procurement Policy

Your advisors recommend that you instruct the heads of major agencies charged with the acquisition of materials and services to take your anti-inflation program into consideration as they make procurement decisions. Such a directive is not unprecedented, but care would have to be exercised to avoid conflict with the principal objectives of procurement policy.

Decision

✓

Yes

No

8. Meetings with Private Sector

Your advisors recommend that you announce a future meeting with a small group of business representatives to discuss actions they can take to moderate the inflation. A meeting with labor representatives would also be sought to discuss the outlook for collective bargaining.

-9-

- If you agree, we may be able to obtain a statement indicating that the deceleration program has been discussed with several major business representatives and that they have indicated that they will cooperate to the fullest.
- The objective of the meetings would be to obtain public statements of support and cooperation. Such an objective may not be obtainable from the labor representatives.

Decision

☒ Yes

☐ No

9. Private Sector Restraint

Your advisors recommend that you direct the Council on Wage and Price Stability to begin meeting immediately with leading firms in major industries to discuss specific means of reducing the magnitude of price increases.

- This would mark the beginning of an intensive effort to pressure the private sector to moderate its wage and price increases.
- A strong emphasis on private sector price restraint will be necessary to balance the wage restraint actions that we have proposed.
- Such actions must be a critical element of a voluntary program, but they require Presidential support and evidence that the government, itself, will exercise restraint.

Decision

☒ Yes

☐ No

-10-

10. Independent Regulatory Agencies

Your advisors recommend that you request the support of the independent regulatory agencies in the deceleration objective. You could ask them to carefully review requests for rate increases and to give special attention to regulatory reforms that could permit rate reductions.

- This may irritate a few members of Congress who object to Executive Branch involvement with the independent agencies.
- It may lengthen the regulatory delay on rate adjustments.

Decision

☒
Yes

☐
No

11. Sector Approach

The Department of Labor believes that the statement should have an emphasis upon major sectors as the framework for anti-inflation policy on a sustained basis rather than reacting to individual crises. Transportation, health, housing, and primary metals are leading examples of sectors that would be emphasized. This approach is supported by most of your advisors and the others have no major objections.

Approve ☒

Disapprove ☐

CLASSIFIED BY Conf/Flash
SUBJECT TO GENERAL DECLASSIFICATION
SCHEDULE OF EXECUTIVE ORDER 11652
AUTOMATICALLY DOWNGRADED AT TWO
YEAR INTERVALS AND DECLASSIFIED
ON DEC 31, 1980

March 22, 1978

CONFIDENTIAL

TO: PRESIDENT CARTER
FROM: HAMILTON JORDAN *HJ*
RE: BLUMENTHAL MEMORANDUM ON ANTI-INFLATION

I have read the memorandum from Mike which advocates a quick and sharp change in your economic policy. Although the situation might merit such action on your part, I have serious doubts as to whether the considerable trade-offs have been accurately stated or measured.

It is argued that an immediate announcement is needed because of the leaks in the media that such an action had been recommended to you. I doubt that you have had time to weigh seriously the tradeoffs that you would have to make or to make a good decision about the contents of your public statement.

DECLASSIFIED
EO 12356, SEC. 3.4(b)
WHITE HOUSE GUIDELINES, FEB. 24, 1983
BY *Jay* NARS, DATE *5/2/80*

Secondly, I don't think that a major decision with so many ramifications should be made based on a memorandum. You should assemble your advisers and have a very complete discussion before making a final decision.

I have been told by Bill Miller that perceived progress on the energy bill would buy us some additional time. But most importantly, we should not jeopardize our chance of getting COET by making a premature statement on imposing oil import tariffs. This would have the political impact of disrupting the slow progress being made toward COET.

I realize that every day and week is important, but as you know, the long term solution rests with getting our entire energy bill and the reduction of our dependence on foreign oil imports.

For that reason, I would recommend that you do the minimum required to establish publicly your concern about inflation and your intention to act strongly. If you can

take specific concrete actions now that obviously will demonstrate our resolve, it would be much better. However, your actions and statements should not be precipitous and empty. From what I understand, nothing would be worse than hollow rhetoric.

EIZENSTAT

THE WHITE HOUSE

WASHINGTON

March 22, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Anti-Inflation Initiatives --
Blumenthal Memorandum

You are being asked by Secretary Blumenthal and Barry Bosworth to make a major statement on inflation this Thursday or at another time before you leave on your foreign trip next week. I believe such a statement at that time would be a mistake. I suggest a speech on inflation on April 10 before the American Society of Newspaper Editors in Washington -- a time Fran Voorde feels your schedule would be clear.

Certain of the recommendations are non-controversial, at least within your Administration:

- a request to state and local governments to decelerate their wage increases and reduce sales taxes;
- a request to independent regulatory agencies to moderate rate increases;
- announcement of your Executive Order on Government Regulations which is scheduled to occur (and should continue to be scheduled) at a signing ceremony Thursday;
- a renewed call for hospital cost containment;
- meetings with the private sector by you and by COWPS;
- an instruction to federal procurement officers to avoid or delay purchase of goods rapidly rising in price;
- launching a task force on national export policy;

- formation of labor-management committees for different sectors of the economy; as Secretary Marshall has suggested and having each Secretary review their own programs for anti-inflationary action.

On the other key issues -- federal pay raise, budget expenditures, energy and timber cutting -- there are substantial problems with the Blumenthal-Bosworth suggestions especially if they are made before your trip and in the form suggested.

1. Federal Pay Increases

First, you are being asked to state before your trip that you will hold federal pay raises to 5.5% to set an example of the deceleration effort you expect in the private sector.

There is concern that such a statement will drive off the union support we so assiduously obtained for civil service reform and adversely affect the House Committee members considering the bill. Ken Blaylock, the President of the largest federal employee union (and the AFL-CIO affiliate), has taken tremendous heat within his own union and from the other federal employee unions for his supportive posture on civil service reform. If the pay raise issue is not handled properly it will inevitably drive him off too and be viewed as a personal slap to him.

This does not mean we should abandon a statement on April 10th on pay raises but it does indicate a need to do appropriate consultation with Blaylock and the AFL-CIO to see if we can keep them on board on civil service reform. For example, we could expedite our negotiations on the areas they were interested in regarding labor-management issues.

There is an equally important reason for taking the few weeks necessary for consultation. In May 1977, your paymasters, Scotty Campbell, Bert Lance and Ray Marshall wrote a strong letter to George Meany promising to abide by the comparability standard unless the national defense or economic conditions indicated otherwise. This was done to get back the federal employee representatives who walked out of the Federal Employees Pay Council when President Ford tried to reduce their pay hike. The letter further promised thorough consultations with the Pay Council if you ever felt economic conditions merited a

change in comparability. This cannot be accomplished overnight; without such consultations a walkout is a near certainty, as is opposition to your civil service reform.

Moreover, in order to gain a measure of acceptance to this inflation package (which has little real teeth and may well be viewed as simply repetitive of previous inflation statements) and to show the federal employees our deceleration policy toward them will be balanced by an equally vigorous effort toward the private sector, I believe -- as do others like Henry Owen -- that you need to name an inflation czar of national stature, like John Dunlap, to work with Barry Bosworth at COWPS. This will show we mean business. The inflation statement should coincide with naming such a person -- which again will take several days to put together.

Finally, since Congress has override authority we should consult with Congress before you act. We should try to moderate Congressional opposition by advance consultation.

2. Budget Statement

Secretary Blumenthal wants your anti-inflation statement to indicate, in effect, that you would veto any bills that go above your \$500 billion budget and will not ask for additional expenditures.

Such an arbitrary statement is unrealistic, fails to recognize the real world of Congressional action and compromise, gives the impression that you have adopted GOP economic thinking regarding the relation between federal spending and inflation in a high unemployment economy, and may lead to the appearance of backing down when Congressional compromises are necessary. It also fails to recognize that the urban policy you will announce on March 27 will have some (although there will be precious little) new money, which may require a budget amendment.

You can and should make a strong budget statement during an inflation speech that emphasizes:

- The reduction your FY'79 budget makes from 23% to 22% in the share of federal expenditures in relation to GNP growth.
- You have sent up a prudent budget and intend to defend its integrity.

- You will insist on Congressional restraint and will look hard at individual appropriations bills.

Even option "A" is too restrictive.

3. Energy

Some of your advisers want you to indicate that if you do not receive action on C.O.E.T. by the end of April you will impose import fees.

I strongly favor your bringing in the Congressional leadership and telling them -- and then going public -- about the crucial relationship between the value of the dollar and the energy bill. Indeed, I have long favored your more active intervention in the energy deliberations.

But I oppose an energy statement of the type requested for several reasons:

- to combine it with an anti-inflation statement would seem inconsistent since our energy bill is inflationary;
- to set an arbitrary deadline is self-defeating and would take Congress off the hook on C.O.E.T. We do need to press them to move quickly; we do need to be prepared for import fees if it becomes obvious C.O.E.T. is unattainable; but we are not there yet. Movement by Long on C.O.E.T. will itself help bolster the dollar;
- a statement now would upset the natural gas conference;
- a direct statement now could lead to an effort by Congress to take away your authority to impose fees. We have a better chance to fight this if you have given "the last mile" on C.O.E.T.

Here, I would therefore favor a statement stressing the need for Congress to act expeditiously on energy to protect the value of the dollar.

4. Timber Cutting

The proposed statement on lumber prices is another example of why additional time is necessary to think through the statement you are being asked to make.

First, environmentalists and many in Congress will be extremely upset if we simply tie a reduction in lumber costs to an increase in the cut on public lands. President Nixon attempted this in 1973 and was stopped by an environmental lawsuit. It will also be important to check with people such as Sid Yates of the House Appropriations Subcommittee and Jim Weaver, House Forestry Subcommittee Chairman, as well as Senator Talmadge, to get their reaction.

Second, a call for an additional cut on public lands should not be the only action called for. Other actions should also be considered, such as increasing wood production from state and private lands, improving the utilization of logs by sawmills, and the use of hardwoods currently in surplus for paper thereby freeing softwoods for use as building materials. This would help buffer criticism if we considered only increased cutting on public lands.

Third, the Forest Service and the Justice Department should be asked to look into possible legal barriers created by the Multiple-Use Sustained Yield Act, the National Environmental Policy Act and the National Forest Management Act of 1976. Otherwise, we may well face an embarrassing lawsuit.

Therefore, I suggest that you call for a report on "all federal actions, including increasing the annual harvest, consistent with existing legal requirements, which will check lumber price inflation." Another way to state it would be to modify the proposed language in Secretary Blumenthal's memo to read as follows:

"I have instructed the Department of Agriculture and the Department of the Interior, together with my economic advisers, to develop measures within 60 days that will increase the supply of lumber prices, including increasing the annual harvest from public and private lands."

Before such an announcement is made, Secretary Bergland should be asked to consult with leaders on the Hill to determine their reaction.

MOORE

~~CONFIDENTIAL~~

SUBJECT: ANTI-INFLATION INITIATIVES - Blumenthal Memo

FROM: CONGRESSIONAL LIAISON

It is the opinion of CL that an announced cap on federal pay increases at this time will seriously jeopardize our Civil Service reform and reorganization efforts. The proposed cap probably will upset the delicate balance we have with labor, forcing Ken Blaylock, President of AFGE, to abandon ship. Secondly, it will cause serious problems among Members of the House Post Office and Civil Service Committee (which is holding hearings now -- and in early April -- on our Civil Service legislation). In addition, there is some question that we could prevent a House veto of a cap below the comparability level.

DECLASSIFIED
E.O. 12356, SEC. 3.4(b)
WHITE HOUSE GUIDELINES, FEB. 24, 1983
BY Jay NARS, DATE 5/2/90

~~CONFIDENTIAL~~

1683

THE WHITE HOUSE

WASHINGTON

CONFIDENTIAL GDS

March 22, 1978

INFORMATION

MEMORANDUM FOR: THE PRESIDENT
FROM: HENRY OWEN ~~WFO~~
SUBJECT: Inflation

1. The basic question is the one posed at the start of Mike Blumenthal's memo: what priority should be assigned to fighting inflation relative to other important economic goals? Without pretending to see as many aspects of this question as your other advisers, who work on domestic economic affairs, I agree with Treasury and CEA's view: that fighting inflation should now be given higher priority than other goals. I reach this conclusion largely by trying to judge the consequences of alternative policies.
2. If the Treasury-CEA recommendation is followed, you will have to take a series of politically painful decisions over the next few years. By the end of your first term, you should have inflation going down -- which could mean a stronger dollar, a rising stock market, and (most important of all) increasing private investment (now deterred by fear of inflation), which will mean more jobs.
3. If this course is not followed and inflation continues to rise gradually, a declining dollar and rising interest rates (whether decreed by the Federal Reserve or the market) may force you a few years hence to adopt more draconian measures, which will then appear as tardy responses to a crisis, rather than forehanded action to avert it.
4. In short, I believe the question is not whether you will give fighting inflation top priority, but when -- whether you do it now or wait until it's forced on you. If we have to accept political pain, it's better to do it now and reap the rewards later than the other way around.

CONFIDENTIAL GDS

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

March 24, 1978

Hugh Carter

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling. Please notify DOE of the President's decision.

Rick Hutcheson

cc: Stu Eizenstat

SOLAR ENERGY IN THE WHITE HOUSE

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12356, SEC. 1.4(b)
WHITE HOUSE GUIDELINES, FEB. 24, 1983
BY Jay NARS DATE 5/2/80

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
✓	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

High: pls notify DOE.

ACTION	FYI	
		MONDALE
		COSTANZA
	✓	EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
✓	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

CONFIDENTIAL

Drop idea
without announcement
C

THE WHITE HOUSE
WASHINGTON

February 17, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*
SUBJECT: Solar Energy in the White House

BACKGROUND:

At the request of Dr. Schlesinger, a task force was assembled to study the feasibility of using solar power for either heating, cooling, and/or domestic hot water in the White House. Such a project would demonstrate the Administration's commitment to alternative energy sources. The study was spearheaded by ERDA in cooperation with my office, GSA, and the National Park Service. We have reached a plateau where a decision must be made to either go forward with the project by allowing bids, or to cancel the project. I feel that at this time, it has become necessary to seek your opinion.

STUDY:

The study is a preliminary investigation of the architectural, technical and economic questions concerning such a project. From a proposal of nine possibilities, the study team has trimmed the proposal to three:

Scenario 1 - Domestic hot water in the Residence (DHW)

Scenario 2 - DHW and heating in the Residence and East Wing

Scenario 3 - DHW, heating and cooling in the Residence and East Wing

All three projects can be designed to fit existing heating and cooling systems. A number of architectural possibilities exist which can be adopted to minimize the visual impact on the Residence and East Wing roof.

In the study you will see two cost figures for each project; the lower figure represents estimated costs if construction were performed on an office building architecturally similar to the White House.

DECLASSIFIED
E.O. 12356, SEC. 3.4(c)
WHITE HOUSE GUIDELINES, FEB. 24, 1983
BY *[Signature]* NARS DATE *5/2/90*

The second figure is a more realistic figure in that it represents hidden costs which you must expect when performing construction in the White House complex (i.e., delays for security reasons, delays due to Bill signings, First Family activities, etc.).

Financing of the projects would be as follows:

Scenario 1 - The National Park Service has the money in its construction budget to finance this one.

Scenarios 2 A supplemental appropriation would have to
and 3 - be requested from Congress.

Even using the lower figure, it is difficult to justify these projects. If these projects were considered as a normal business venture, they would be scrapped, as the net present value of the total cash flow surrounding the project is negative. (highlighted on attached)

SUMMARY:

Pro - 1) Shows evidence of our commitment to alternative energy sources.

2) This project demonstrates that solar technology can be applied to old structures.

Con - 1) Criticism from people about tampering with the structure and beauty of the White House.

2) Criticism for building something which is not economically justified.

3) During construction there will be some disruption of the daily lives of the people who live and work here.

4) Both the Residence and Wings are old structures which have been remodeled extensively. GSA and the National Park Service recommend that we do not proceed with non-essential construction changes.

MY RECOMMENDATION:

Mr. President, the disruptive effect of construction in this complex and the unjustified economics of this project lead me to recommend that the idea should be dropped. I feel that the Federal Government can use better locations for demonstration projects.

- () Proceed with the contract bids
- () Arrange a further briefing for me.
- (✓) Please discontinue the project

J

SUMMARY OF KEY SCENARIO
CHARACTERISTICS

COLLECTOR LOCATION(S)	SCENARIO 1	SCENARIO 2	SCENARIO 3
	RESIDENCE ROOF	RESIDENCE ROOF EAST WING	RESIDENCE ROOF EAST WING EAST TERRACE
AREA	620 ft. ²	2440 ft. ²	3640 ft. ²
TILT	6.5°	6.5°, 30°	6.5°, 30°, 50°
APPLICATION	RESIDENCE	RESIDENCE, EAST WING	RESIDENCE, EAST WING OR VISITOR
END USE	DHW	DHW, H	DHW, H, C
LOAD CONTRIBUTION	.116x10 ⁹ BTU	.481x10 ⁹ BTU	.723x10 ⁹ BTU
GOVERNMENT PROJECT COST	\$49,000	\$288,000	\$502,000
MAXIMUM BUDGET REQUIRED	\$94,000	\$500,000	\$863,000
AVERAGE YEARLY SAVINGS ¹	\$ 2,035 (\$ 2,500)	\$ 8,500 (\$ 10,200)	\$ 21,300 (\$ 25,800)
NET PRESENT VALUE ¹	-\$16,000 (\$ 8,600)	-\$159,000 (-\$ 59,000)	-\$313,000 (-\$166,000)
DESIGN DEVELOPMENT PHASE	1.5 MONTHS	2.5 MONTHS	2.5 MONTHS
DETAILED DESIGN PHASE	1 MONTH	2 MONTHS	2 MONTHS
ESTIMATED CONSTRUCTION SCHEDULE	8 MONTHS	13 MONTHS	13 MONTHS
TOTAL DESIGN AND CONSTRUCTION SCHEDULE	10.5 MONTHS	17.5 MONTHS	17.5 MONTHS


¹ ASSUMING 10 PERCENT DISCOUNT RATE, AND 5 PERCENT REAL FUEL INFLATION RATE (6 PERCENT DISCOUNT RATE SHOWN FOR COMPARISON).

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

24 March 1978

TO: THE PRESIDENT
FROM: RICK HUTCHESON 
SUBJECT: Staff Comments on Hugh's Memo

The First Lady concurs with Hugh.

Eizenstat concurs, but stresses that "some care must be given to how this decision is made public." Stu recommends that the project be dropped quietly, with no public announcement, but that we be prepared to explain the considerations involved in case Jody receives an inquiry.

Stu notes that you will be receiving shortly an enrolled bill from Congress directing the proclamation of May 3 as "Sun Day." Stu recommends that no announcement of a negative decision on solar energy in the White House be made until after action on the Sun Day proclamation.

Secretary Schlesinger comments: "Although the economics of the system do not commend the project, the unique installation problems may inflate the overall cost and should be weighed against the symbolic value of the project. My recommendation is that we proceed one more step and carry out the preliminary design. It is only in this way that we will be able to assess realistically the disruptive effects of the actual installation and the overall cost of the project."

*new can
buds*

THE WHITE HOUSE

2/3



WASHINGTON

DATE: 17 FEB 78

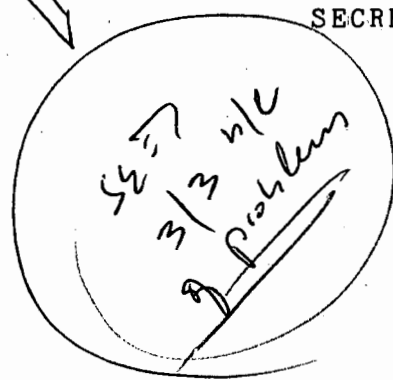
FOR ACTION: STU EIZENSTAT

Kitty
concur

JODY POWELL

THE FIRST LADY
*concur*SECRETARY SCHLESINGER *attended*

INFO ONLY:

*check up Kitty
5th comment?*

SUBJECT: CARTER MEMO RE SOLAR ENERGY IN THE WHITE HOUSE

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1200 PM MONDAY 20 FEB 78 +

+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

74
THE WHITE HOUSE
WASHINGTON

/	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
/		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
/		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
/	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
/	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

ID 789872

T H E W H I T E H O U S E

WASHINGTON

DATE: 17 FEB 78

FOR ACTION: STU EIZENSTAT

JODY POWELL

THE FIRST LADY

SECRETARY SCHLESINGER

INFO ONLY:

SUBJECT: CARTER MEMO RE SOLAR ENERGY IN THE WHITE HOUSE

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM MONDAY 20 FEB 78 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: ☒ I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE

WASHINGTON

March 22, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT
KITTY SCHIRMER

Stu

SUBJECT:

CARTER MEMO ON SOLAR ENERGY IN THE WHITE HOUSE

We concur with Hugh Carter's recommendation that the project on solarizing some parts of the White House be discontinued because of costs, disruptions, and security factors. We do believe, however, that some care must be given to how this decision is made public.

There is some general press interest in the solar study, and a negative decision is likely to draw even more attention to the issue. This decision also comes at a time when a number of public interest groups, members of Congress, and interested public are gearing up for an event called "Sun Day" -- now designated as May 3, 1978. Very shortly, you will be receiving an enrolled bill memo on a Joint Resolution from the Congress directing a Presidential proclamation of Sun Day. A negative decision against this background of interest will prove troublesome unless a clear accounting is made on why solar is impractical for the White House.

Hugh's memo sets out the budgetary considerations and outlines some of the particular difficulties associated with any construction project within the White House complex. We would recommend that this information be expanded and explained more clearly (consistent with security needs) in laymen's terms so that any negative effect of this decision is minimized. We would also recommend that announcement be delayed until after action on the Sun Day proclamation.

Since there is no public expectation this project will be undertaken, there is no reason to publicly announce it will not proceed. It should be quietly dropped. Jody can give the reasons if he is ever asked.



Department of Energy
Washington, D.C. 20585

February 20, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM SCHLESINGER

SUBJECT:

Solar Energy in the White House

I have reviewed the studies conducted on the feasibility of placing solar energy systems on the Residence and East Wing of the White House. Although the economics of the system do not commend the project, the unique installation problems may inflate the overall cost and should be weighed against the symbolic value of the project.

My recommendation is that we proceed one more step and carry out the preliminary design. It is only in this way that we will be able to assess realistically the disruptive effects of the actual installation and the overall cost of the project.

The Department of Energy stands ready to provide the necessary support to permit a final decision to be made on whether to proceed by late summer.